

FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

Industry in West Germany survey, Section IV

Exchange rates table with columns for various countries and their respective rates.

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NEWS SUMMARY

GENERAL
French warning on D-Day flights
Unauthorised aircraft over the Normandy beaches tomorrow will be shot down, say French defence chiefs.

BUSINESS
Pressure eases on UK bank rates

PRESSURE for a rise in British banks' base lending rates eased yesterday as stock markets across the world went into a more optimistic gear.

Reagan renews pledge to reduce nuclear arsenal

BY REGINALD DALE, U. S. EDITOR, IN DUBLIN
President Ronald Reagan yesterday wound up his three-day visit to Ireland with a strong renewal of his commitment to reduce the superpowers' nuclear arsenals and offered a small negotiating carrot to the Soviet Union on conventional forces in Europe.

London takes up NY slack on Reuters launch

By Charles Batchelor in London and William Hall in New York
REUTERS, the international news agency and business information group, yesterday completed its ill-starred move to a public listing with the aid of a last-minute switch of shares to the London Stock Exchange from New York.

U.S. has right to fire Illinois bank's officials

BY WILLIAM HALL IN NEW YORK
THE Federal Deposit Insurance Corporation (FDIC), the U.S. bank regulatory agency which led the \$7.5bn rescue of Continental Illinois, the big Chicago bank, has been given sweeping powers to fire either the bank's board or its senior executives, if necessary.

W. German output up 3.6% in first quarter

BY RUPERT CORNWELL IN BONN
WEST GERMAN gross national product rose by 3.6 per cent in the first quarter, but continued growth could be threatened by a drawn out strike in the country's key engineering industry.

IMF chief calls for lower interest rates

BY DAVID LASCELLES IN PHILADELPHIA
THE RECENT increase in interest rates "is a troubling development" for the less-developed countries (LDCs) debt problem, according to Mr Jacques de Larosiere, managing director of the International Monetary Fund (IMF).

Iran: No turning back for Khomeini's crusade

Iran's revolutionary war against the West has no turning back for Ayatollah Khomeini's crusade, according to a report by the U.S. State Department.

Lebanon clash

Syrian soldiers clashed with Moslem Fundamentalist militiamen of the Islamic Unification Movement at a Syrian checkpoint south of Tripoli.

Toulouse explosions

Two powerful bombs exploded at a municipal building in Toulouse, south-west France, seriously damaging the building but injuring no one.

Barcelona bombings

Seven small bombs wrecked telephone booths and parked cars in a suburb of Barcelona, Spain, but caused no injuries.

Zulus killed

About 39 Zulus were killed and several injured in a battle between tribal factions near Durban, South Africa.

Golden Temple battle

People inside the Golden Temple in Amritsar, the holiest Sikh shrine, opened fire on security forces and started a gun battle which lasted at least five hours, an Indian Government spokesman said.

Miners' demands

South Africa's National Union of Mineworkers reaffirmed demands for a 25 per cent pay rise, adding to fears of a strike by the industry's black workers.

Closer ties for ICL and Fujitsu

BY JEREMY STONE IN TOKYO AND JASON CRISP IN LONDON
ICL and Fujitsu, the leading British and Japanese computer manufacturers, signed an agreement in Tokyo yesterday which significantly extends the level of technical co-operation between the two companies.

A little knowledge is a dangerous thing..

Advertisement for InterCommodities, featuring text about market analysis and a form for contact information.

Table listing contents for various sections including Europe, America, Overseas, World Trade, Britain, Agriculture, Arms, Business/Commercial Law, Commodities, and Crossword.

EUROPEAN ELECTION

Hans Dietrich Genscher is on the way out as Liberal leader. James Buchan in Bonn explains the party's dismal mood

West German FDP licks its wounds and faces a further battering

FOURTEEN more or less reputable political parties and groups are contesting the European elections in West Germany on June 17, but all eyes are on the outlook for just one of them, the tiny Free Democrat Party (FDP).

The three-day FDP party congress in Muenster at the weekend did not look like a launching pad to European heights, although Herr Martin Bange- mann, the chief candidate, made stirring appeals on Sunday to some sort of European union and took pot shots at the ships holding up the "convoy" (notably the UK).

For Herr Kohl, who first sought coalition with Herr Genscher unsuccessfully in 1969, the implications of the FDP's difficulties are depressing. A strategy in the federal states based on coalition with the FDP is doomed if the liberals are left out in the street.



Herr Genscher... re-elected for what look like his last two years as party leader with just 62 per cent of the vote.

Healey pours scorn on London summit

BY PETER RIDDELL, POLITICAL EDITOR

LABOUR AND SDP/Liberal Alliance leaders in Britain yesterday launched a parallel, though not concerted, attack on Mrs Margaret Thatcher over her approach to this week's seven-nation summit in London.



Healey: waxworks jibe

In one of the few memorable phrases of the campaign, Mr Denis Healey, the Shadow Foreign Secretary, told a news conference that the summit would be much better if it was not held at 10 Downing Street but at Madame Tussauds because the heads of government there will simply be waxworks—they will not act to deal with the problems.

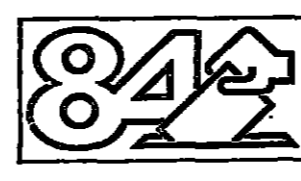
NETHERLANDS: WIDESPREAD ANGER WITH BRUSSELS AMONG PUBLIC AND POLITICIANS

Liberals try to keep sights set above domestic politics

GOING ALL-OUT for star appeal, the Dutch Liberal Party (VVD) has been wheeling on imported big names to brighten up its television campaign for the European elections. Thus it was that the increasingly skilful Valéry Giscard d'Estaing, the former French President, exhorted viewers in the Netherlands last week to vote Liberal.

obliged by the noblesse of power, are less international in their approach to the election. A good performance by Labour—which now has nine MEPs and is hoping for the round dozen—would be interpreted by the party as a successful censure motion against the Government.

drawn from lists in accordance with support given and ranking on the list itself. There are 22 seats and 580,000 inhabitants to every MEP.



NORFOLK: CONSTITUENCY BATTLE JOINED OVER DOMESTIC ISSUES

Labour seeks to turn election into referendum on Government

NORFOLK, where the Conservatives won a clean sweep in last year's Westminster elections, and where they hold all but one of the district councils, is an important seat for Labour.

and qualified supporters of the Community, like Mr Bryan Heading, the Labour candidate in Norfolk, to work together in a common struggle against Thatcherism, leaving the details of European policy to be worked out later.

Mr Howell could lose some votes among the farming community because the Government's pressure for reform of the CAP but this is likely to be marginal.

Danish 'anti' vote forecast

BY HILARY BARNES IN COPENHAGEN

THE PEOPLE'S Movement Against the EEC will increase its representation in the European Parliament from four to nine of Denmark's 16 seats, according to Mr Ib Christensen, leader of the Single Tax Party.

EUROPEAN NEWS

Dutch voice dissatisfaction with U.S. unitary taxation proposal

BY WALTER ELIS IN AMSTERDAM

THE DUTCH Government expects Mrs Margaret Thatcher, the British Prime Minister, to raise the dispute between the U.S. and a number of its trading partners over unitary taxation during this week's London economic summit.

Oslo lifts foreign banks ban

By Fay Gjester in Oslo

THE NORWEGIAN Parliament has approved legislation on opening the way for foreign-owned banks to be established in Norway.

Truck output forecast to rise 5-6%

BY JOHN GRIFFITHS

THE SLOW recovery in demand for trucks over 3.5 tonnes experienced by the UK and West Germany in 1983 should spread through Europe this year. But continuing recession in developing world markets means that, on balance, European production "will creep ahead" at an annual 5-6 per cent for the next three years, according to analysts DRI Europe.

Table with columns for Year (1984, 1985, 1990) and rows for West Germany, France, UK, Italy, Spain, Sweden, Netherlands. Includes a small 'EUROPEAN TRUCK PRODUCTION' chart area.

needed help most. SDR rights went in proportion to the amount of capital or the percentage of the institution held, and the effect of increasing access and liquidity would be to direct funds to the industrialised countries.

Mr Howell is defending a majority of 50,000 in a constituency with over 540,000 voters. But only 34 per cent voted in 1979, and there is concern in the Conservative camp that a high poll would bring a much closer result.

In West Germany, a further small rise in truck sales is forecast this year but, points out DRI, "the current metalworkers' strike poses a considerable threat to the West German industry's chances of taking advantage of the broader European recovery."

Handwritten note in Arabic script: "فلا إله إلا الله"

OVERSEAS NEWS

Sikh temple sealed off by army

By John Elliott in New Delhi

THE INDIAN army yesterday laid siege to the Sikhs' Golden Temple buildings in Amritsar on the second day of its occupation of the northern state of Punjab.

The Government hopes to be able to force terrorists to leave the temple without the army having to stage a gun battle which could lead to serious repercussions and Sikh violence elsewhere in the state.

Last night, as the army attempted to tighten its grip on security, the risk of a rural backlash was illustrated by reports of a march by about 4,000 Sikhs from Punjab villages assembling to march on Amritsar. They were stopped by the army under a total curfew which is being continued until 9 pm today.

"Our forces will avoid entering any place of worship, but if necessary the extremists will be asked to come out," a senior Home Ministry official said in New Delhi.

The armed forces had been given a mandate to combat terrorism in the whole of the Punjab.

Troops have set up posts around the Golden Temple at a range of about 200 yards and have installed themselves in barricaded high buildings. Early yesterday firing broke out between the troops and Sikhs inside the temple.

Colin Chapman in Sydney reports on Australia's plan to peel back protection
Lean times ahead for cossetted car-makers

THERE IS no other country in the world with a population of 15m or less and five full-scale motor manufacturers. There is no other Western car manufacturing nation where market forces have been so turned on their head by government intervention, and where the outcome is exactly the opposite of that intended — fewer cars, fewer jobs and huge losses.

And there is no other country in the Organisation for Economic Co-operation and Development where the latest technology and the most exciting new cars are not available. The new small international cars from BL, Renault, Volkswagen, Ford, Fiat and General Motors are not to be seen in Australia, even though this is an urban nation, with three-quarters of its people grouped in five conurbations.

The Australian motor industry is one of the most highly-protected in the world, which in itself is a curiosity, in that it is not particularly Australian. All five manufacturers are multinationals — Ford, General Motors, Mitsubishi, Nissan and Toyota — and all but Toyota are 100 per cent overseas-owned. Of the 13 cars manufactured in this country, only one, the Ford Falcon, a spacious six-cylinder vehicle and the nation's best-seller, has any locally-designed

features of any consequence. Various governments of all political complexes have taken a turn at regulating the motor industry, and as the plans have become more complex and more supportive of local manufacturers, the problems have multiplied. In 1983 General Motors-Holden's lost A\$126.6m (£32m). Mitsubishi lost A\$24.8m, Nissan lost A\$8.1m, and Toyota lost A\$10.1m. Only Ford made a profit, of A\$66.5m.

Under the protectionist regime inherited by the present government of Mr Bob Hawke from Mr Malcolm Fraser's Liberal-National Party coalition, manufacturers have to ensure vehicles have 85 per cent local content. Imported cars suffer a 57.5 per cent tariff, and imports are limited by quotas which guarantee Australian manufacturers four-fifths of the market. It has been possible to bring in cars over and above the quota, but they suffer a penal tariff rate of 150 per cent.

The Fraser government always liked to talk about cutting protection for the automotive industry, but in its eight years in office did nothing of the kind. The driving force for change has been Senator John Button, Labour's Minister for Industry. "The cost of protecting the industry is borne by consumers and business

through higher prices for motor vehicles," he said. "These higher prices add to the personal cost of living and business operating costs, this reducing the international competitiveness of user industries."

With an election pending within nine months, Senator Button could hardly take the industry to the cleaners, or adopt some of the more radical suggestions put to him.

But the thrust of his proposals, although their impact is delayed until after the election is well out of the way, is surprisingly tough. He wants to see the number of manufacturers reduced to three and the number of models cut from 13 to six, and expects thousands of jobs to be lost in the cause of greater efficiency. The Bureau of Industrial Economics forecasts that about 15,000 of the 71,000 jobs in the industry will disappear.

Whether the Button plan, which requires federal legislation in August to be implemented, will succeed is highly debatable. There are certainly some ill-considered elements in it, such as the A\$150m over the next five years to encourage Australian design. There are also some concessions to the trades unions, such as higher tariff's new quotas on some light vans and four-wheel drive estate

cars, and grants for the retraining of redundant car workers.

The key element in the new plan is the reduction of the penalty duty on cars imported above the quota allowed by the government. This will be cut next year from 150 per cent to 100 per cent, and then progressively reduced each year until 1992 when it will be 57.5 per cent, the standard tariff rate. Effectively, therefore, quotas then have ended.

The plan means that the Hawke Government is being tougher on the motor industry than any other administration in two decades. Even so the level of protection in 1992 will still be about four times the level for Australia's manufacturing industry in general.

It is anybody's guess as to who will quit manufacturing in Australia. All five manufacturers have expressed a fervent desire to remain, and it looks as if all of them will fight to the death, seeking first major cost reductions from suppliers and component makers, and then further automation and increased productivity.

Ford, as the market leader, with high production runs, is likely to do best, and General Motors, which has fallen from top spot to number three in two years — and lost over A\$300m over four years — is also likely to stay the course.

Mitsubishi, based in Adelaide, may have problems because it will have nothing new to offer the market as a replacement for its dated Sigma, sold in Europe as a Lonsdale, until 1988.

Toyota and Nissan look the most vulnerable, but as multinationals they will be large enough to sustain losses and hold on to good dealer networks until they can bring in large volumes of imports.

The most vulnerable company may not be a fully fledged manufacturer but a car assembler — Volvo, whose 4,000 units a year assembly operation is the only car operation not in a Labor-held state. Under the new car plan, duty on assembled cars from Idts will rise from its present 35 per cent to 50 per cent by 1987. The Swedish company may decide it is better to provide work at its base in Gothenburg; if so, Senator Button has pledged a special import quota allocation.

BL made a similar move several years back. Now renamed Jaguar-Rover Australia — the name Leyland is seen as a marketing disadvantage in Australia — it is the motor industry's success story, with turnover rising last year by 20 per cent to A\$198m, and profits rising from A\$800,000 to a healthy A\$11m. All JJA models now bear that social cachet in Australia, "fully imported."

Japan may play more active role in bid to end Iran-Iraq war

BY JUREK MARTIN IN TOKYO

MR YASUHIRO NAKASONE, the Japanese Prime Minister, hinted yesterday that Japan might be prepared to play a more active role in trying to bring an end to the war between Iran and Iraq.

Any such approach, he told a small group of foreign correspondents here, should follow a prescribed sequence: first preventing an escalation of hostilities, second bringing about a ceasefire and finally negotiating a peace treaty.

"With this sequence in mind and in full consultation with our partners, we will make efforts in this field," he said.

While he reiterated the official Government position that Japan cannot act as a mediator or arbiter unless both Iran and Iraq ask for it, Mr Nakasone did acknowledge that he has received requests for additional Japanese action from some of the nations who will be represented at the London summit later this week.

Mr Nakasone will be conferring in London this week with a special emissary who is currently holding talks in Tehran. The Iraqi Foreign Minister also visited Tokyo two weeks ago.

The general tenor of Mr Nakasone's remarks, even if they were made with the summit very much in mind, nonetheless went further than the usually cautious stance advanced by the Foreign Min-

istry, which tends to prefer to emphasize the limiting factors on any Japanese initiative.

For example, Mr Nakasone described the fact that Japan has good economic and political relations with both sides as giving it "some leverage" over the combatants.

He also chose to place the Gulf war in the broader context of Japan's role in the world. His country, he said, needed to think of itself as "a global nation," with positive contributions to make in political, strategic, economic and cultural fields.

The Prime Minister described as "most regrettable" that Japan should sometimes be portrayed in the world merely as "an economic animal" or as "an unfair nation." He said that since taking office he had made considerable efforts to dispel this image and to give it a "new horizon" as a nation with much to offer the outside world.

Specifically, Mr Nakasone said he would take up the cause of Japan's role in the Summit proceedings. "We cannot," he said, "remain indifferent to starvation."

He also, and more predictably, pledged to lead the fight against protectionism in general and said that Japan would play its part in assisting economic recovery by exercising export restraint. "We must refrain from a torrential rain of exports," he declared.

Beirut plan delayed

BY NORA BOUSTANY IN BEIRUT

NIGHTLONG shelling and artillery duels delayed the implementation of a security plan for reopening vital access roads between the Moslem and Christian halves of Beirut yesterday.

Kidnappings and violence closed the only inter-city link on the eve of a parliamentary debate on the policies of Mr Rashid Karami's putative Government. This was expected to lead to a vote of confidence, which if passed would legitimise the new government.

Meanwhile communication between Beirut and Jerusalem became more tangled yesterday when Mr Adel Osseirane, Leb-

anon's Minister of Defence, said the Israeli liaison office north of Beirut had been closed once and for all.

However a telephone call last night revealed that the Israelis were still there. Mr Gadi Golan, the Israeli spokesman said "you are talking to me, aren't you?"

David Lennon adds from Tel Aviv: Israel does not intend unilaterally to close down its liaison office outside Beirut, although this possibility cannot be ruled out in the future, Mr David Kimche the Director General of the Foreign Ministry said in Jerusalem yesterday.

Iraq offers to exchange prisoners with Britain

BY PATRICK COCKBURN

IRAQ HAS offered to free two British businessmen in jail in Baghdad in return for the release of two Iraqis imprisoned here for the assassination of a former Iraqi prime minister. He was Mr Abd ar-Razzaq an-Nayif who was shot dead in London in 1981.

Mr Taha Yassin Ramadan, first deputy prime minister of Iraq and considered the most powerful man in the country after President Saddam Hussein, made the claim last week in a Kuwaiti magazine. The Foreign Office said yesterday that it could not comment on whether Iraq had offered to make an exchange of prisoners.

Mr Ramadan also said that he was one of those who had ordered the killing of Mr Nayif who had been living in exile in London for several years.

The two Britons in jail in Iraq are Mr John Smith, who was sentenced to 20 years for attempted bribery in 1979, and Mr Donald Hagger, a 67 year old quantity surveyor, who was convicted of espionage in 1981. Mr Ramadan said that four Iraqi under-secretaries were executed in the attempted bribery case.

The Foreign Office has always been opposed to any such exchanges of prisoners on the grounds it would open the door to Britons abroad being arrested to obtain the release of prisoners here.

Mr Ramadan's remarks, virtually admitting Iraq's responsibility for the assassination of Mr an-Nayif who was briefly Iraqi prime minister in the late 1960s, are surprising because of generally improving relations between Iraq and the UK.

Fears grow of strike by black S. African miners

BY MICHAEL HOLMAN IN JOHANNESBURG

PROSPECTS of a strike by black South African miners came closer at the weekend when delegates to a National Union of Mineworkers (NUM) Conference reaffirmed demands for a 25 per cent pay increase, more than double the offer made by the country's Chamber of Mines.

The conference of the 70,000 strong NUM follows the breakdown of negotiations two weeks ago, when the chamber offered increases of between 9.5 per cent and 10.9 per cent in response to the union's demand for a 25 per cent rise.

Although the union represents a minority of workers in the industry, any deal will affect the gold mining industry's entire 480,000 black workforce.

Should the two sides fail to reach agreement at further

talks, the next move is a formal declaration of an industrial dispute, the first step towards a legal strike.

This year's pay talks are the first real test of strength for the NUM. The union gained recognition from the Chamber of Mines shortly before last year's round of pay negotiations.

Delegates at the conference called on the chamber to table its final pay offer. "If the chamber is not prepared to make a final offer, a dispute is likely," said Mr Cyril Ramaphosa, General Secretary of the NUM.

The Council of Mining Unions, representing 22,500 white employees in eight different unions accepted a 10 per cent across-the-board basic wage increase at the end of April.

Cyprus crisis looms

BY ANDREAS HADJIPAPIS IN NICOSIA

A NEW crisis loomed over Cyprus yesterday as the Turks threatened to move settlers to parts of the deserted city of Varosha (Famagusta) despite a recent United Nations Security Council call for the area to be transferred to UN control.

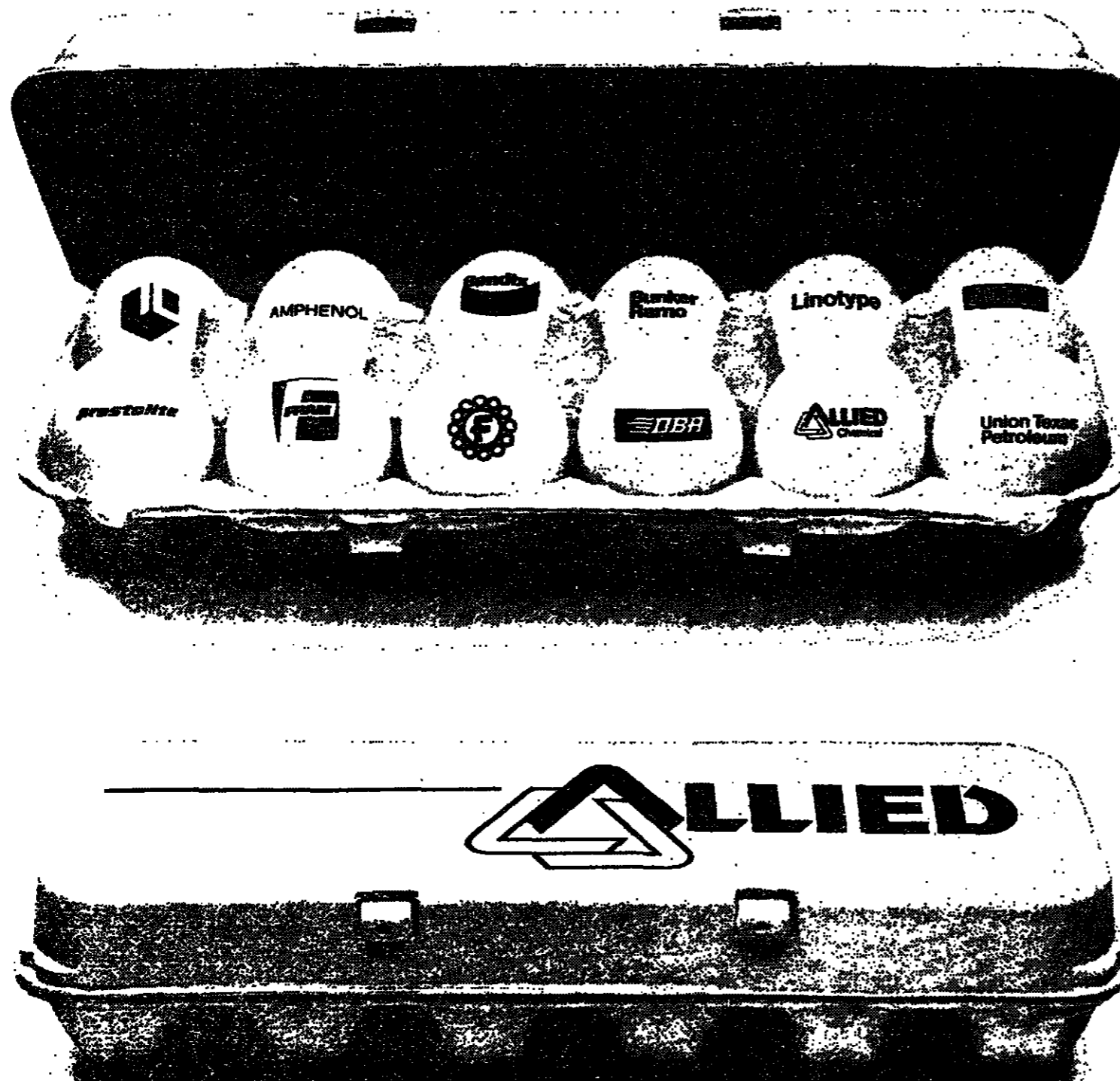
The city, once an important tourist resort on the east of the island, has been deserted since 1974 when its 30,000 Greek Cypriot inhabitants fled south as Turkish troops invaded the island.

In a report to the Security Council released yesterday, Sr Perez de Cuellar, the UN Secretary General, expressed concern at the Turkish

move. He stressed that the status of Varosha was directly tied to the commitments of the parties under the agreement reached between President Kyprianou and Turkish Cypriot leader Mr Rauf Denktaş at their last meeting five years ago.

Mr George Iacovou, the Cypriot Foreign Minister, yesterday met separately the ambassadors of the five permanent members of the UN Security Council and the UN special envoy on the island to protest at the new Turkish actions.

He pointed out that these openly ran counter to last month's Security Council resolution



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ITT CANNON REVEALS DEVELOPMENT WORK AT BASINGSTOKE

Design push for plugs and sockets

BY GEOFFREY CHARLISH

THE IDEA that an electrical plug consists of little more than a few prongs of metal that are pushed into some corresponding holes in a socket is rapidly dispelled by examining some of the products under development at ITT Cannon in the UK.

The company has just moved into a new 380,000 sq ft, £6m plant in Basingstoke and expects to turn over £26m this year. It is in the process of applying robot-assisted assembly automation to machines able to make, for example, 100,000 RS232 connectors a week.

With a staff of about 600, the plant is producing some 5m plugs and sockets a year, satisfying a market which in the UK alone is worth about £180m. The two most important types have been circular multi-pin and printed board edge connectors, but the mix has been broadening.

Today, designs range from relatively low cost RS232 units for the microcomputer industry, to devices that can retard the spread of flame through the bulkhead of burning fighter air-

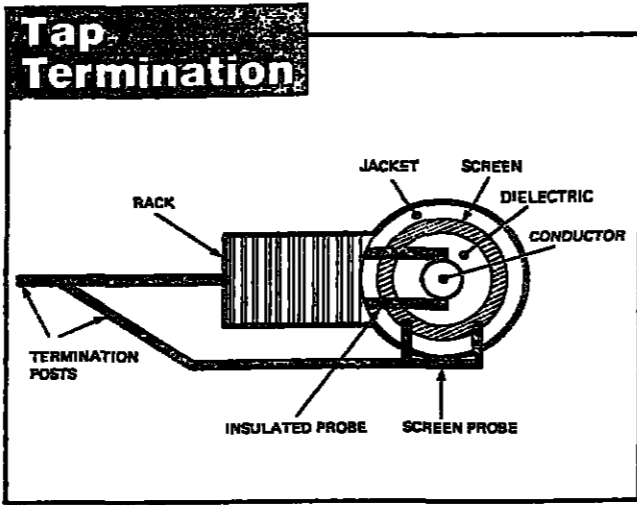
The growth of small computers lies behind changes in product emphasis

craft—while vibrational excursions of 0.25 in are in progress. Not surprisingly, materials research is a continuous pre-occupation in the company.

Five years ago the emphasis at Basingstoke was on aerospace, military and broadcasting requirements. But with the upsurge of telecommunications and the personal computer industry, new kinds of component have had to be designed, for manufacture in larger numbers.

The trick, according to managing director Michael Dukes, is to keep ahead of the game and "to be ready with the products when the technology matures."

At least two of the developments underway are a direct result of the increased use of small computers in networks. One is a local area network



ITT Cannon has developed a local area tap (above) to connect computer equipment into a single data "ring main." This allows machines' plugs to be inserted at any point in a coaxial cable without causing damage

(LAN) tap that allows computers and peripherals to be inserted and removed from any point on a coaxial cable without harming it. A local area network is the computer communication equivalent of plugging into a common mains circuit anywhere in the home.

The device, which is unlikely to be on the market till next year, uses a knife-blade probe with a "V"-notch at the tip. The probe is forced into the clamped cable using a tiny rack and pinion mechanism operated by an Allen key. The blade makes a thin incision in outer plastic, braiding and coaxial insulation, producing very little distortion of the cable.

As the blade moves forward, the "V"-notch picks up the inner conductor and its inside edges are forced into contact with the circumference. Most of the probe blade is coated so that it makes no contact with the outer braid on the way in. But as the inner is picked up, similar arrangements at the top end of the probe produce a separate contact of the braiding to complete the connection. When the device is withdrawn the incision in the outer plastic closes up and, according to the company, the cable is left unaffected.

Another important development is the inclusion of a radio frequency (RF) filter inside multi-pin RS 232 connectors. By positioning a thick film substrate within the connector, a capacitance of up to 1,000 picofarads per pin can be inserted. This prevents RF interference from leaving or entering the connected equipment and is mandatory in the U.S. and Germany. ITT Cannon has established a new market with UK manufacturers intending to export computing systems to those countries.

Another trend the company is keeping an eye on is surface mounting, in which components are mounted on the surface of the printed circuit board in special holders, to avoid holes in the board itself and the resulting problems of high speed component insertion by machine.

The company has designed surface mounted connectors to take the place of the board-edge connectors now in common use. They will be in production next year.

A major challenge for the designers is miniaturisation, especially for the guided missile industry. In one design of D-connector (the cross section looks like a "D"), over 50 pins are accommodated in a con-

ductor the size of a thumb nail. To overcome pin-socket location problems, the pins are made from a number of bonded strands to give enough flexibility to ensure mating on insertion. The market for such rectangular connectors is growing at about 25 per cent a year.

New areas appear all the time—the latest is vehicle electronics. There is the dual challenge of high reliability, with similarities to the military market, but at a low enough cost to suit the car makers. Plugs and sockets for fuel management systems and engine control are already being supplied to BMW and Porsche.

The company is also working on a tiny 28-way insulation displacement connector, or IDC, in which multiple connections are made in a single action by contacts piercing the insulation of the minute plastic sheaths—they are only 0.025 inch apart. The connector will go on the market this Autumn. Such flexible cable connec-

A major challenge for the designer is miniaturisation

tors are commonly used where one end of the cable is in motion—on a print head for example—and the market is growing at 25 per cent a year.

In the fibre optics area, the company has just developed a high performance connector called Hermes, in which small lenses are used to ensure full light energy transfer between the mating halves of the connector. Hermes is being developed for FOTS (fibre optic tactical system for the U.S. Army) after it was decided that Ptarmigan, the British Army tactical communications system for which it was originally intended, should use coaxial cable. Prototypes of the connectors are also being used in a National Coal Board trial. The military are interested in such systems since they cannot be tapped and are lightweight, while for mining communications underground they are intrinsically safe being totally non-electrical.

RESEARCHERS HOLD OUT HOPE OF QUICKER HEALING

Why broken limbs need vibrations

BY PETER MARSH

GOOD vibrations can help people with broken legs on the road to recovery. That is the theory of researchers at Johnson and Johnson Orthopaedics, a British subsidiary of the U.S. medical-products company.

The company, based in New Milton, Hampshire, plans to sponsor trials in which a vibrating metal frame is fixed to the limbs of people suffering from severe fractures.

Initial research shows that a small amount of mechanical stress can help broken bones to heal in about 30 per cent less time than if the limbs are left to repair themselves unaided.

Johnson and Johnson is to join forces in the trials with two other groups of researchers. These are at the Nuffield Orthopaedic Engineering Centre in Oxford and at Bristol University's department of anatomy.

The work will be supported by a grant of £31,000 from the Science and Engineering Research Council, with Johnson and Johnson providing a further £25,000.

Patients who have badly broken legs, for example as a result of motor-cycle accidents, will take part in the experiments. They will mainly be from hospitals in Bristol, Oxford and Sheffield.

For about 15 minutes a day, those people will be wired up to a special £13,000 vibrating machine built by Darter. The company is based in Stowbridge and its main business is the manufacture of testing equipment for the engineering and construction industries.

The hydraulically-powered hardware will apply stress to a frame fitted to the bones of the patients' limbs. With the aid of a computer to which the apparatus is linked, researchers will vary factors such as the force with which the stress is applied and the frequency of vibration. They will also measure how changes in the different factors affect the rate of recovery.

Dr Don Evans, research manager at Johnson and Johnson Orthopaedics, says the results from initial trials were "very good." The earlier work used a pneumatically powered vibrating machine. But it was difficult to monitor how changes in the hardware's operation influenced the healing process.

Nonetheless, healing times for badly broken legs were reduced from 4-5 months to 3-4 months on average.

Dr Evans thinks that if the new trials prove successful, vibrating machines could become standard items in treatment for severe fractures.

The research on broken limbs stems from a phenomenon that physiologists have known about for years — as a natural process bones to which forces are routinely applied grow stronger than other, less stressed parts of the body.

Thus the arm of a tennis player has a greater power of resistance than, for example, the comparable limb of a person whose most arduous activity is lifting a pint of beer.

According to Dr Allen Goodship, a lecturer in anatomy at Bristol University, the next step was to find the right amount of mechanical force that would stimulate bones to heal more quickly. This resulted in the initial work with the pneumatically driven hardware. Dr Goodship sums up the dilemma: "If you apply too little stress, the limb won't heal fast enough—and if you subject it to too much it won't heal at all."

At first, the researchers were worried that patients might find the novel form of treatment painful. But, according to Dr Goodship, most of the 25 or so people on which the technique has been tried said the vibration was pleasant. Some liked the treatment so much that they asked for the machine to be switched on for more than the allotted 15 minutes a day.

The good news is FERRANTI Selling technology

Space

Metallurgic tests

A LEADING U.S. machinery manufacturer has signed an agreement with the National Aeronautics and Space Administration to participate in experiments above the atmosphere.

Deere and Co., of Moline, Illinois, is to undertake metallurgical tests with iron samples during flights of the space shuttle.

In the low gravity produced inside the shuttle as it orbits the earth, researchers hope to glean information about how to make stronger iron products and improve the efficiency of foundries.

Pollution

Flue gas cleaning

A ZINC OXIDE process for flue gas cleaning is under study at Battelle's Columbus Laboratories. This may prove to be a more economical way of removing sulphur and nitrogen oxides from coal-fired power station flue gases.

Battelle is carrying out investigations on this process under a contract from the U.S. Department of Energy. Zinc oxide can remove both toxic gases in one step instead of two stages required in conventional flue gas cleaning.

The study will last for one year and cost \$195,000. If laboratory scale tests prove encouraging, Battelle will cost a cleaning system for a 500 megawatt pilot plant installation.

UK COMPANY SELLS WIND GENERATORS TO U.S.

Windmills get more powerful

CALIFORNIA is one of the largest users of small wind generators in the U.S. Now it is moving into the bigger turbines and several electricity utilities have such generators under test.

It was one of these utilities, Southern California Edison (SCE), that ordered a 330 kW wind turbine from James Howden and Company, a British company. The contract is worth £535,000. It is Howden's first export order for turbines, having entered this market three years ago. Its main business is the production of fans for mines and power stations.

SCE was attracted to Howden's turbines because of the British company's involvement

with the construction of a large wind generator at Burger Hill on the Orkneys, which is connected to the North of Scotland Highland Electricity Board's electricity grid.

It is the company's first export order and is seen as an important breakthrough for the company in the private market. About 50 per cent of the value of the contract will be supplied from the UK, the rest will be made in the U.S.

Dr Ross Wilson of James Howden and Company, said that the turbine was originally developed with remote islands in mind. "We wanted it to be easy to erect, maintain and be reliable," he said. Basically the same design type of generator is

to be built at Palm Springs in southern California.

Winds of up to 135 mph are experienced near Palm Springs, so Howden has increased the size of the turbine blade diameter from 22 metres to 26 metres. This increases the energy output at lower wind-speeds.

A standard industrial controller supervises the turbine's operation. It monitors wind velocity and grid connection. The breakdown of any component in the system including the computer control, will shut down the wind generator.

More details from the company on 041-422131. ELAINE WILLIAMS

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Yet one clarity problem has remained unsolved until now: the presence of small tartaric crystals in the bottle. Today's wine production techniques do not allow enough time for these crystals to form before bottling — with the risk of later precipitation in the bottle.

Until now, the only way to overcome this problem was to store the wine in huge tanks at low temperatures — a costly process, extremely wasteful of energy, which held up the sales of large quantities of wine for several weeks.

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Wine is transferred through heat exchangers and cooled in stages to just below its freezing point. This changes a small proportion of the wine's water content into ice, concentrating the crystal components into the remaining, more alcoholic, liquid. These new conditions force crystallisation to take place within 90 minutes, after which the ice is again melted. The tartaric crystals can then be removed using centrifugal force and stable, crystal free wine is produced.

Crystalflow is unique, requires no additives and, thanks to its built-in heat recovery, saves energy. It satisfies even EEC, the world's most stringent, wine making regulations. Today, the process is used in three continents: Europe, North America and Africa.

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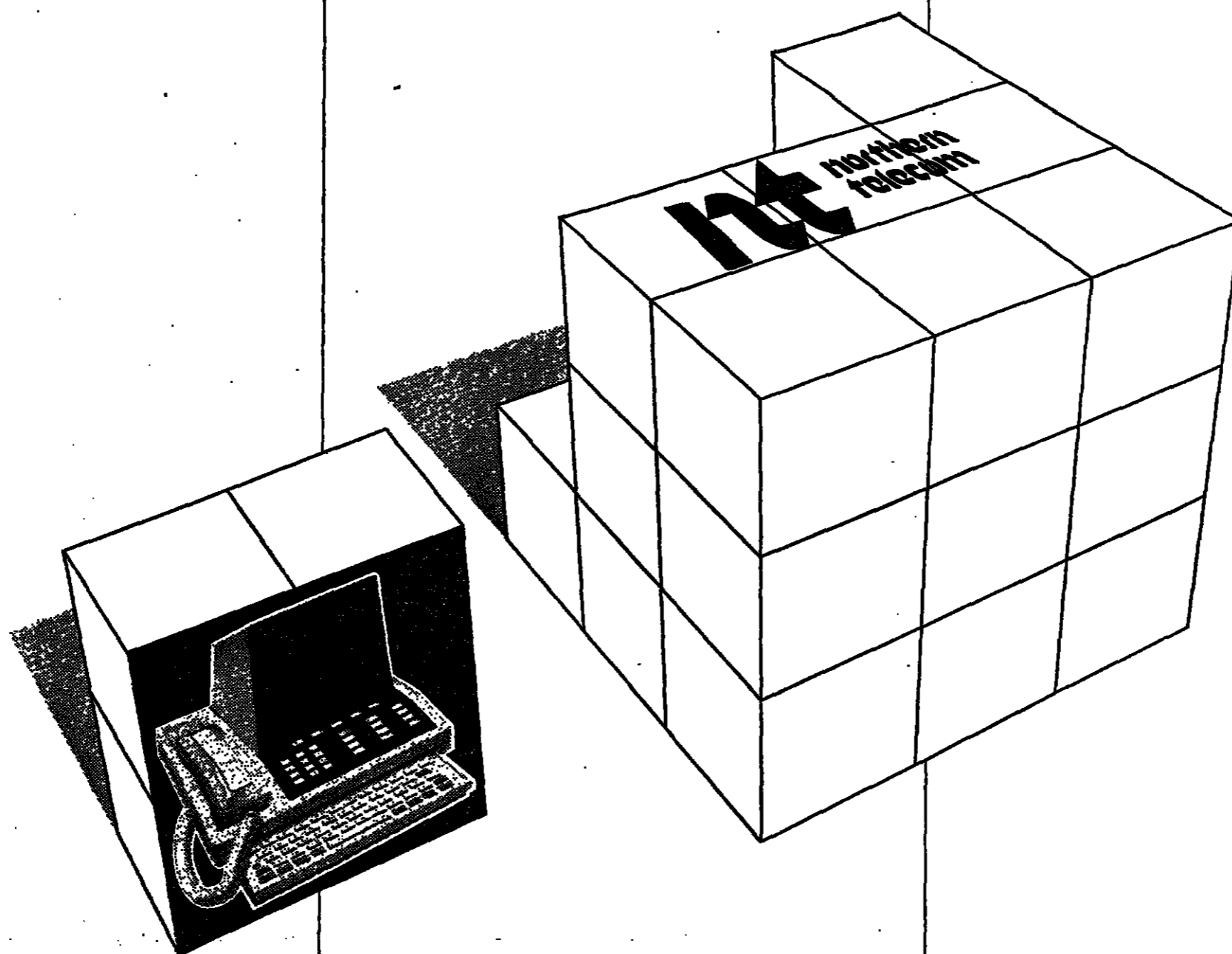
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NORTHERN TELECOM. BUILDING THE TELECOMMUNICATIONS FUTURE.



DIGITAL TECHNOLOGY TODAY: THE FUTURE OF COMMUNICATIONS.

Global communications are on the threshold of being transformed. Someday people everywhere will be able to instantaneously transmit voice, data, and images across a city or around the world. Northern Telecom has named this emerging international communications network the Intelligent Universe.*

These future communications networks will be based on digital technology—a form of binary pulses that translate every form of information into uniform codes of electrical pulses. However, for nearly a century the telecommunications industry has been based on analogue technology, suitable primarily for voice transmission.

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WORLD LEADERSHIP IN DIGITAL TECHNOLOGY

Every other international manufacturer has since followed Northern Telecom's lead. However, its

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Today, Northern Telecom is extending its leadership in digital telecommunications by developing new integrated circuits and software which constantly evolve and enrich its proven systems. Northern Telecom has nearly 18 million equivalent lines of fully digital Digital Multiplex Systems (DMS*) and private branch exchanges, in service or on order, in 50 countries. It is by far the largest supplier of fully digital systems in the world.

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Northern Telecom has developed and manufactured the most complete line of fully digital telecommunications systems in the world—the DMS-1, DMS-10, DMS-100 Family of central office digital switches and the SL* Family of digital business communications systems.

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The SL Family, which can meet the needs of organizations for 30 to 30,000 telephone lines,

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The OPEN World, announced in 1982, comprises a planning framework, new products, and enhancements of established DMS and SL systems, to address the growing market for improved information management. In the OPEN World, the DMS and SL families function as the office controller, linking Northern Telecom's systems with those of other manufacturers in efficient, cost-effective communications and information networks.

Northern Telecom has already made the proprietary protocols to its switching systems available to the Wang, Sperry Univac, Digital Equipment, Hewlett Packard, and Data General corporations to develop compatibility between their products in the fields of voice and data communications and office automation. The OPEN World will be able to accommodate most types or makes of equipment, allowing all major office-communication functions to be undertaken on one integrated system.

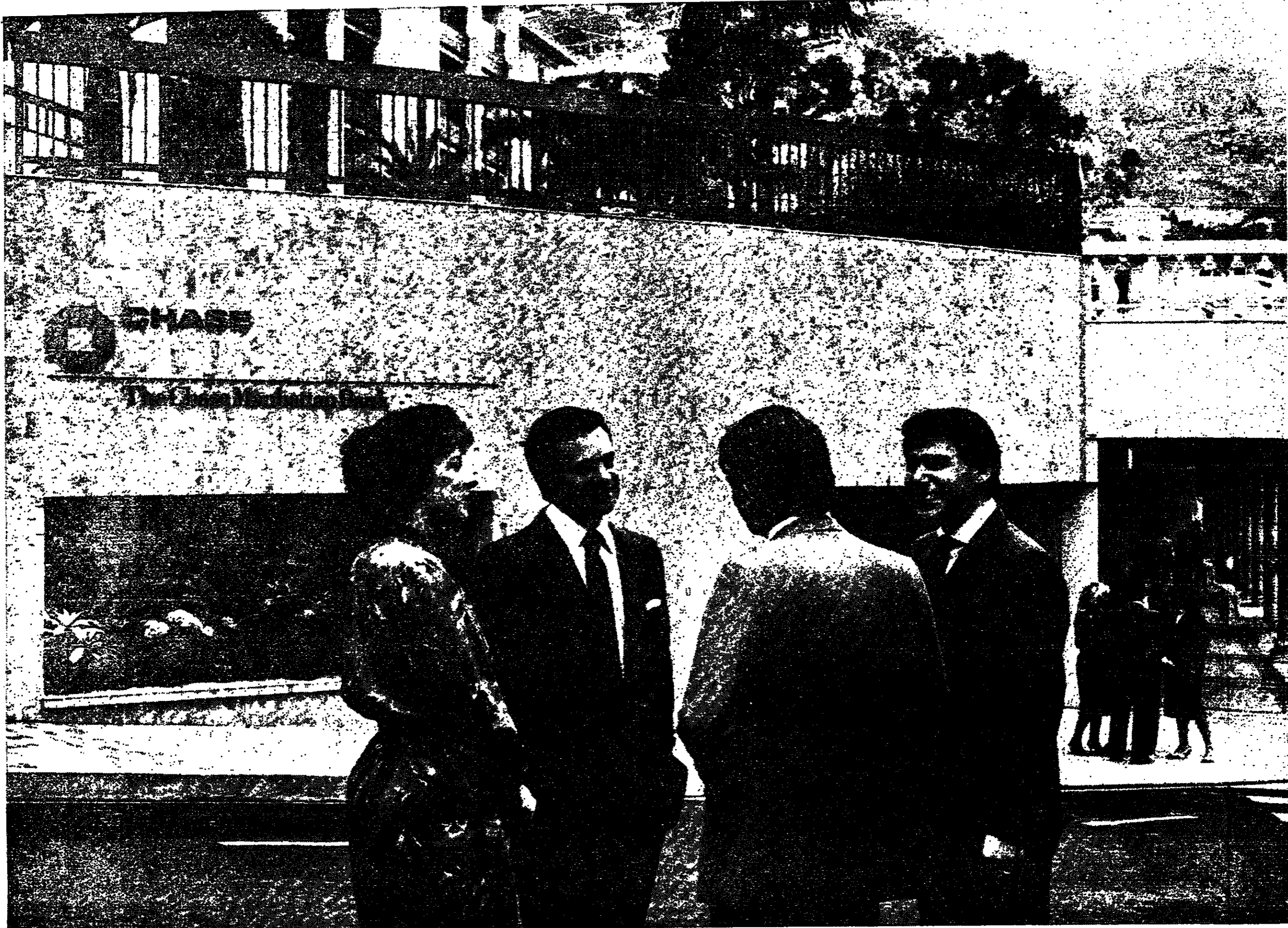
Through the Digital World and the Open World, Northern Telecom has become the global leader in creating the Intelligent Universe.

For more information on Northern Telecom and its products contact: Northern Telecom plc., Berkeley Square House, Berkeley Square, London W1X 5LE. Telephone: 01-491 4599.

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People

Duarte cautious over talks with guerrillas

BY OUR FOREIGN STAFF

SR JOSÉ Napoleón Duarte, El Salvador's new President, has reacted cautiously to an apparent softening of the left-wing guerrillas' stance on negotiations to end the four-year-old civil war.

In his first news conference, President Duarte said that he had no immediate plans for talks with the FDR/FMLN, the umbrella organisation of the five main guerrilla groups.

Last week the rebel Radio Venceremos announced that the guerrillas had dropped their insistence on taking part in a provisional government as a precondition for negotiations.

President Duarte said he would make every effort to bring the guer-

rillas into the "political process," but he insisted that negotiations were impossible with "rifles on the table."

A peace commission already exists to negotiate with the FDR/FMLN, and last year had a series of inconclusive meetings. In the past two weeks, the President of Costa Rica, Sr Luis Alberto Monge, has offered to act as a mediator between President Duarte and the guerrillas.

However, President Duarte appears unwilling to make a definite move until the situation within the FDR/FMLN is clearer. He fears that the movement is split between its political and military wings.

The military commanders are be-

lieved to favour a continued hard-line approach of fight and talk, while the politicians, mainly living in exile in Mexico, are more prepared to consider a truce.

Nevertheless, observers see the atmosphere more propitious for negotiation after President Duarte's election than at any time since 1980. Mexico, which cut diplomatic ties with El Salvador in 1980 after a Mexican journalist was killed there, was represented at President Duarte's inauguration last week by the Foreign Minister, Sr Bernardo Sepúlveda. Mexico is a key figure in the Contadora group, also comprising Colombia, Panama and Venezuela, which is pressing for peace in Central America.

CALIFORNIA PRIMARY VOTE IS SEEN AS POTENTIALLY CRUCIAL

Final Tuesday - but not the last word

BY STEWART FLEMING IN SAN FRANCISCO

DUANE B. GARRETT, a 37-year-old California lawyer with the build of a Japanese sumo wrestler, sits hunched over his desk 23 storeys up in the Security Pacific Bank building on Market Street, San Francisco.

In the middle of the floor sits a two-foot high carved wooden donkey, the symbol of the U.S. Democratic Party. It is 2pm, and on his desk stand two cans of low-calorie soda and a plastic container full of soup. His left hand clutches a hamburger, his right the telephone.

For the national co-chairman of the Mondale for President committee, one of the men charged with raising the last-minute dollars which could make or break former Vice-President Walter Mondale's drive for the Democratic Party's presidential nomination, these are busy days.

For a few precious seconds Mr Garrett stops eating to take a telephone call, a mark of respect for the caller. It is Mayor Dianne Feinstein, the charismatic leader of the San Francisco City Government and one of the dozens of Democratic divs and political leaders to have rallied to Mr Mondale's cause in the state.

Such endorsements have not been the boost to Mr Mondale's campaign that many expected four months ago, when the Democratic campaign began in Iowa.

But backing from Mayor Feinstein, who made the cover of Time magazine last week as one of the few women who might come into the reckoning as a vice-presidential running mate, is likely to stand Mr Mondale in good stead today, when between three and four million registered Democrats in California cast their votes for convention del-



Mr Walter Mondale, Rev Jesse Jackson and Senator Gary Hart during a television debate

egates pledged to Mr Mondale, Senator Gary Hart or the Rev Jesse Jackson.

Today is Final Tuesday, the last of the primary contests. Five states, New Jersey, New Mexico, West Virginia, South Dakota and California vote to select the Democratic Party's choice to face President Ronald Reagan in the November election. At stake in California will be 345 delegates to next month's Democratic convention in San Francisco, compared with 180 in the four other states, the bulk of them - 107 - in New Jersey.

Little wonder, then, that both leading candidates, Mr Mondale and Mr Hart, see the California vote as potentially crucial. Even a narrow victory for Mr Mondale in California - particularly if it were coupled with a win in New Jersey, where the polls show him in the lead - would virtually destroy Mr Hart's chances of waging a successful battle against his rival on the convention floor.

According to UPI news agency, Mr Mondale is only some 380 delegates short of the 1,987 he needs to

secure a majority at the convention. Mr Hart has won around 970 delegates, and the Rev Jackson around 300.

This calculation could be misleading, however, for the delegates selected so far are not legally bound to vote for a particular candidate, and about 442 remain to be selected in state and district party conventions.

To turn the arithmetic on its head, Mr Hart needs to win convincingly in both New Jersey and California, adding to his string of six victories in the most recent primaries. This would so damage the credibility of the front runner that delegates already nominally pledged to Mr Mondale could begin to desert him at the convention.

That Mr Mondale and Mr Hart find themselves possibly facing the prospect of wheeling and dealing for delegates in smoke-filled convention rooms is a sad commentary on the performance of both men in the four-month primary campaign and a serious worry for the Democratic Party.

Hart won his dramatic victory in New Hampshire in February and emerged to challenge the "inevitability" of a Mondale candidacy in November. In the course of the primary battles, however, all the two men have done is successfully define each other's weaknesses. Neither candidate has been able to articulate a message compelling enough to constitute a legitimate Democratic challenge to the incumbent President.

Mr Hart has pinned on Mr Mondale the label of yesterday's man, facing an uphill struggle against unhappy memories of the Carter Administration.

Mr Hart's success on this score has also served to underline the very real divisions within the Democratic Party itself about how to shake off the more costly elements of traditional new deal liberalism and build a Democratic coalition encompassing the young voters who have found appeal in Mr Hart's "new ideas."

Democratic Party loyalists would be less dismayed by Mr Hart's tac-

tics if he had himself successfully demonstrated the ability to lead the party into the future. After a bright start the Senator has failed to carry conviction in public. He has too often been easy prey for Mr Mondale, who has effectively depicted Mr Hart as unsteady and unsure.

In a sense, the only winner in the Democratic campaign has been the Mr Jackson, who has successfully mobilised black voters, established his leadership of the black political establishment, and caught the imagination of many voters, including some white intellectuals.

For the Democrats it is important not only who wins today's primaries, but how he wins. For the party, the best outcome would be a decisive victory by one candidate which would force the other to withdraw.

The result may well be not so tidy, however. In theory, California, with its strong economy, forward-looking population and tradition of weak party organisation, should be Hart territory. The most recent polls in the state, however, show that as much as 20 per cent of the electorate is still undecided, and the two front-runners are apparently neck-and-neck among voters who have made up their minds.

California, therefore, looks like another primary in which voters respond to last-minute impressions. Moreover, balloting is taking place in 45 separate congressional districts and it will be difficult to get quickly an accurate tally of the popular vote.

A close race could end with both candidates claiming victory and Mr Hart saying the voters' judgement demands that he take his case to the convention. He is already threatening to do this and effectively keep open the Democrats' wounds - even if he loses in New Jersey and California.

Brazil asks for change in IMF target

BY OUR SAO PAULO CORRESPONDENT

BRAZIL has asked the International Monetary Fund to change the way in which key monetary and public financial targets are calculated in order to help it comply with the terms of its letter of intent signed last March.

The request follows figures showing that Brazil's money supply is growing three times as fast as it was supposed to under the terms of its IMF agreement.

The monetary base, the narrower of the two monetary mea-

sures used in Brazil, expanded 17 per cent in April and a further 3 to 4 per cent in May, according to preliminary data. This means the monetary base has grown by about 24 per cent altogether in the first five months of this year. But targets set out in the letter of intent show that growth should have been held down to only 7.3 per cent in the January-May period. The 24 per cent increase was not supposed to have been reached until September.

Central bank officials say the only way around the problem is to change the way in which monthly performance is measured. For the Fund, only month-end figures count. But if average figures for each month were used, oscillations in the monetary base would be smaller, officials explain.

If the April growth in the monetary base had been measured by the second method, the IMF's target would almost have been reached. By that method, the base increased by only 3.5 per cent instead of 17 per cent.

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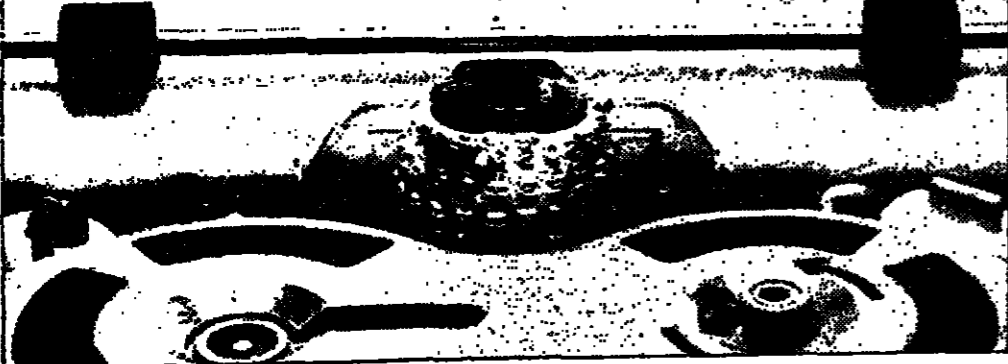
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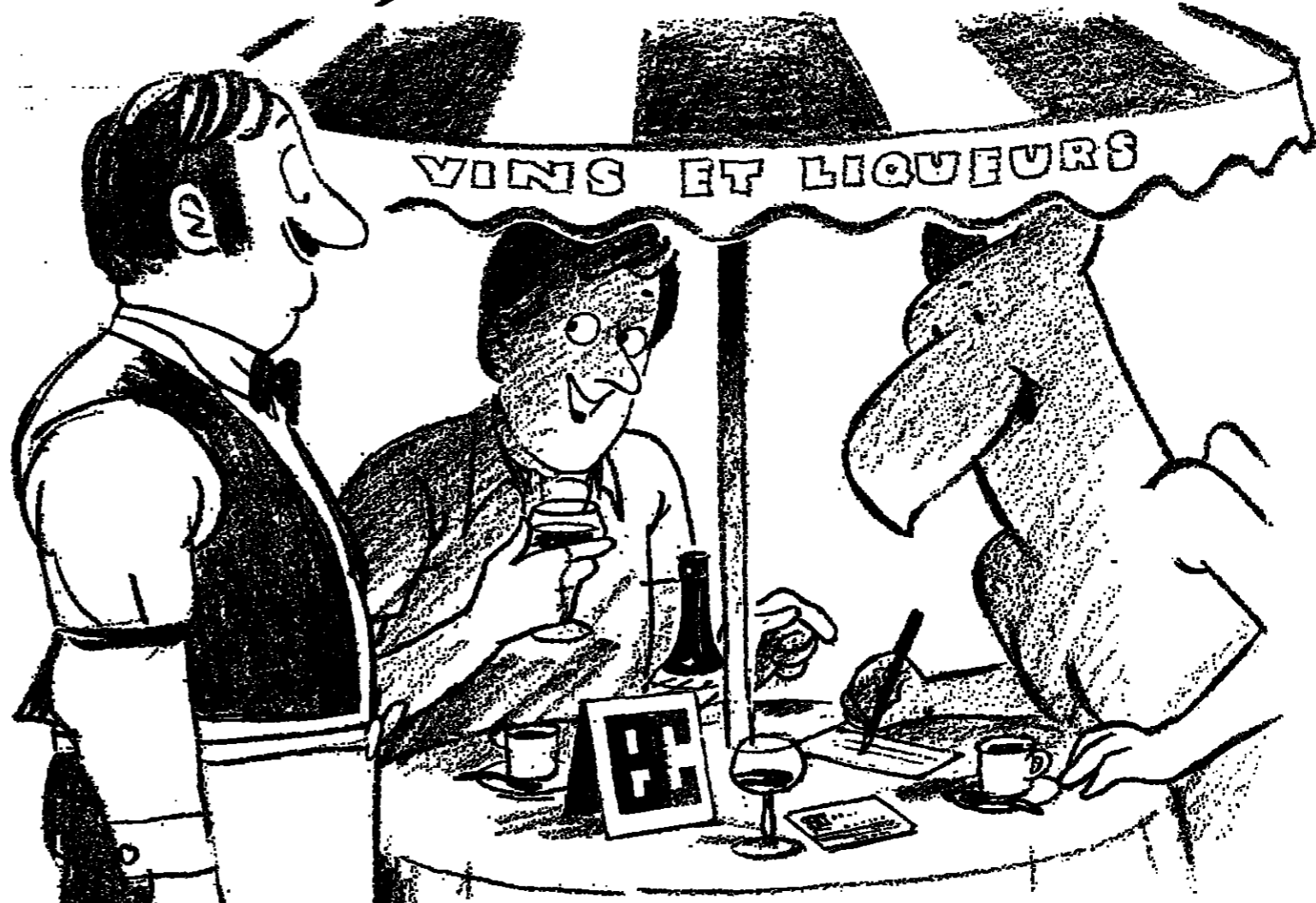


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UK NEWS

Interest pressures ease as share prices surge

BY MAX WILKINSON, ECONOMICS CORRESPONDENT

PRESSURE FOR a rise in British banks' base lending rates eased yesterday as stock markets across the world changed up into a more optimistic gear.

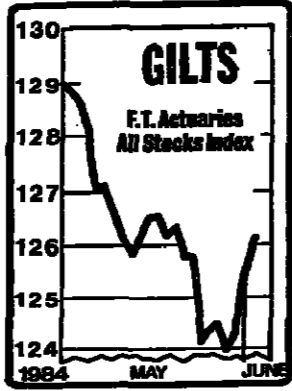
The recovery, which began on Friday with improved sentiment in the U.S., was given a push yesterday by Mrs Margaret Thatcher, the Prime Minister, who said she would like to keep UK interest rates down if possible.

On the London Stock Exchange prices of most stocks were marked up sharply, and the Financial Times Industrial ordinary share index rose by 18.8 points to 843.3. In the last two days trading the index has recovered all of the 46.5 points which were lost during the previous three-week account period.

Share prices also rose sharply in Tokyo and other Far East markets, in most of the European centres and in early trading on Wall Street.

Prices for UK Government stocks (gilts) also rose strongly with gains of up to 1½ points at the long-dated stock. The Bank of England took the opportunity to rebuild the momentum of its funding programme by announcing four new tranches of tap stock totalling £800m.

Mrs Thatcher's intervention and the Bank's signals in the money markets have clearly indicated that the authorities will try to resist a



further rise in UK base lending rates, provided that the international outlook continues to look sunny.

The general view in the City of London yesterday was that the pressure for a rise in interest rates, which looked inexorable towards the end of last week, seemed for the time being, very much weaker.

Mrs Thatcher told the Conservative Party's morning news conference for the Euro-election that she saw no domestic reason for British interest rates to rise. However, she admitted that the Government could not resist international market pressures.

She said no country could insu-

late itself completely from interest rate increases in the U.S., and from pressures in the gilts market.

This reflects the cautious Treasury view that interest rates might have to rise if the exchange rate were to come under sustained pressure.

However, there was also a view among the authorities yesterday that the other pressure on the Government—the ability to fund its deficit in the gilt market—would be eased if there was a general expectation that the Government would resist a rise in interest rates.

This view seems to have gained ground in the generally more optimistic mood that prevailed.

In London, money market interest rates fell generally, with the 3-month London inter bank rate down ¼ of a percentage point to 9¼ per cent. Three-month Eurodollar rates were also down by ¼ percentage point to 11¼ per cent. Sterling remained steady with the Bank of England trade-weighted index closing at 79.5, the same as at Friday's London close.

The tap stock announced by the Bank yesterday ranged from a £200m tranche of 10 per cent Treasury 1987 to £100m of 11½ per cent Treasury.

Lex Page 16; Soothing the market Page 15

GEC subscribes £50m for airline finance package

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

GENERAL Electric Company (GEC) of the UK is subscribing £50m (\$70m) to a consortium led by Chemical Bank to help buy new jet airliners for British Airways.

This is GEC's first venture into the airliner financing market, but it has already used part of its £1.5bn "cash mountain" to buy shares in Distillers Group, and it is now also discussing a possible takeover of British Aerospace, the UK's partially denationalised aircraft missiles and spacecraft group.

The aircraft involved in the latest deal are the 14 new Boeing 737-200s which British Airways ordered last September, worth \$250m for delivery later this year and through 1985.

The airline at that time also took an option on another 17 of the same aircraft. It wanted the new jets as replacements for its ageing Trident and One-Eleven fleets.

The financial group put together over recent months by Chemical Bank includes many leading UK and U.S. banks, insurance companies and other organisations. The full list has not been revealed, and it has only now emerged that GEC is part of the group.

The financial group will buy the airliners outright from Boeing of the U.S., and it will then lease them

to British Airways, initially for a short term, but with options to extend the leases.

In this way, BA gets a new fleet of jets without the burden of heavy interest debt on its balance sheet (although the leasing charges will be heavy, BA still regards them as "very favourable").

The financial group will not only get a substantial return on its investment, but also retain the title to a fleet of one of the world's best-selling jet airliners.

Should BA decide at any time to relinquish any of its leased aircraft, there should be no difficulty in finding other airlines interested in taking them over.

Whether GEC will become involved in further aircraft financing deals remains to be seen, but it is almost certain to be approached, probably by other groups putting together packages to finance other UK airlines' jet procurement.

One such major deal is the proposed acquisition by British Caledonian Airways (whose shareholders include several major UK banks), of seven European A-320 Airbus, worth \$240m. Talks on a financing package for that deal have been in progress for some time.

British Aerospace has a 20 per cent stake in Airbus Industrie.

GOVERNMENT TO LIFT NCB'S BORROWING CEILING

Coal loss of \$875m expected

BY OUR PARLIAMENTARY AND LABOUR STAFF

THE GOVERNMENT is to ask parliament this summer to approve a new £1,500m cash borrowing ceiling for the National Coal Board (NCB), partly as a result of the severe impact of the miners' strike and overtime ban on the industry.

Mr Peter Walker, the Energy Secretary, said yesterday he expected NCB losses in 1983-84 to be around £275m. He said that about £197m of the loss was attributable to the strike and overtime ban and the remainder reflected the underlying imbalance in the trading position of the coal board.

Parliamentary approval has already been granted for the payment to the NCB of up to £800m in deficit grants for the 1983-84 financial year. But Mr Walker said: "The Government intends to submit to parliament a summer supplementary estimate to enable grant payments to be extended to cover the board's deficit in full."

The Energy Secretary said that in spite of the enormous subsidies, capital investment in the industry was running at the rate of £2m a day. The scale of support greatly exceeded anything available to the NCB's competitors in the rest of Europe and was equivalent to £130 per week for each man employed.

Mrs Margaret Thatcher, the Prime Minister, again refused to become involved in the miners' dispute, which has now lasted more than three months. Referring to

Mr David Bassett, a leading member of the Trades Union Congress (TUC), yesterday called for the TUC to establish a "large-scale loan fund" to alleviate hardship among miners and their families and to help rebuild the National Union of Mineworkers after the strike is over.

His union, the General Municipal and Boilermakers' Union, is likely to make a substantial contribution to such a fund. Mr Bassett said the union supported the miners because, "we are against unneeded pit closures. We are for a sensible energy policy, at the centre of which is coal."

talks between the NCB and the National Union of Mineworkers (NUM), which are due to resume later this week, she said the Government had set the financial framework in terms of making money available for investment and setting cash limits. It was up to the two parties to sort out the details.

She stressed, however, that the industry had not so far delivered in relation to the closure of uneconomical pits and productivity. She argued that the phasing of closures had always been agreed at an area level and was not a matter for the Government.

Mr Neil Kinnock, the Labour Party leader, said that there were reports that Mrs Thatcher was ordering the coal board to take an indefensible line in the talks between the NCB and the union.

"Twelve weeks of inactivity sprinkled with inflammatory statements have been had enough," he said. "But if it is to be followed by sabotage when the talks have started, that would surely be one of the greatest acts of irresponsibility even by this Prime Minister."

The Government claimed yesterday that there were more miners at work than at any time since the strike began. Mr Walker said: "It's the best day yet." The NCB estimated that there were up to 600 more miners at work than on previous Mondays.

This included about 400 more in Nottinghamshire, where the coalfield has continued to work throughout the dispute, and 328 in North Derbyshire, the highest number there since the strike began. But a threatened revolt by pit winners at Barnsley, Yorkshire, collapsed when only two returned to work.

Mr Ron Price, NCB's deputy general director of mining, warned yesterday of the danger of fire breaking out at neglected coal faces and listed 13 collieries which were suffering some deterioration. He said there was a risk of spontaneous combustion.

General managers to run Health Service

BY ROBIN PAULEY

GENERAL managers are to be introduced to run all levels of the National Health Service (NHS) as quickly as possible, Mr Norman Fowler, the Social Services Secretary, announced yesterday.

The decision means that all the major recommendations of the NHS management inquiry, which reported last October, are to be implemented. The inquiry was chaired by Mr Roy Griffiths, deputy chairman and managing director of J. Sainsbury, the food stores group.

Mr Fowler has instructed all regional district and special health authority chairmen to start work immediately on establishing the general management function, which effectively replaces the current consensus management approach with one person responsible for all management decisions. Regional authorities must make their proposals and name their general managers by September.

The most controversial aspect of the Griffiths report was the introduction of general managers at the unit level of the 5,000 or so individual hospitals, a move which the House of Commons social services select committee described as the "height of folly," coming so soon after the last reorganisation of hospital management.

Mr Fowler said the Government wanted a general manager in every unit, because the management changes at other levels would not otherwise be worthwhile. In deference to the arguments about the difficulties, he has allowed until the end of 1985 for the completion of the unit level changes.

The changes mean that the Department of Health and Social Security is headhunting outside the Civil Service for a general manager for the department, to be employed at the level of second permanent secretary. It is also looking outside for a personnel director.



Mr Fowler: implementing inquiry report

In addition, there will be 14 regional general manager posts, 190 district general managers and about 5,000 unit general managers. If the appointments are made from outside, the salaries will be negotiable. If the appointments are from within the NHS, the Government has set up interim pay arrangements which allow for up to £3,000 to be added to a chief officer's salary for the general manager. Typical chief officer salaries are between £24,000 and £28,000 a year in regions and £21,000 and £27,000 a year in districts.

Doctors will remain clinically autonomous under the arrangements but will not be chosen automatically as unit general managers. As some of them will want to take on that role, and as they are often lacking in management experience and training, Mr Fowler announced yesterday that management training and education programmes would be increased.

Treasury sets up unit to monitor spending

THE TREASURY has established a new internal division to monitor public spending and revenues as part of a drive by Mr Nigel Lawson, the Chancellor of the Exchequer, to secure more effective control of public borrowing, Philip Stephens writes.

The grouping, known as the public sector finance division, will aim to give the Chancellor a more coherent and up-to-date analysis of trends in the public sector borrowing requirement (PSBR).

Forecasting the PSBR has proved particularly difficult for the Treasury because of the large seasonal swings in revenues and expenditure. Last year the outturn was nearly £2bn above the original budget target.

The new division draws staff from general expenditure, accounts and economic forecasting sections of the Treasury and should act as an early warning system if borrowing looks like running ahead of target.

The City of London was alarmed by the £2.4bn rise in borrowing in April, the first month of the 1984-85 financial year, but the Treasury has quashed suggestions that it should consider a package of public spending cuts.

Although borrowing is expected to be high over the next few months, Mr Lawson believes that a much faster inflow of revenues later in the financial year will keep it to its £7.25bn target.

● THE ANNUAL conference of the Association of Scientific, Technical and Managerial Staffs has been

postponed because of the strike by 220 of the union's employees over a pay claim.

● MR PETER WILSON, the man responsible for the growth of Sotheby's to pre-eminence in the fine art world, has died in Paris. He was 71. He took Sotheby's from a mainly specialist book auction house to a major position as an international art saleroom.

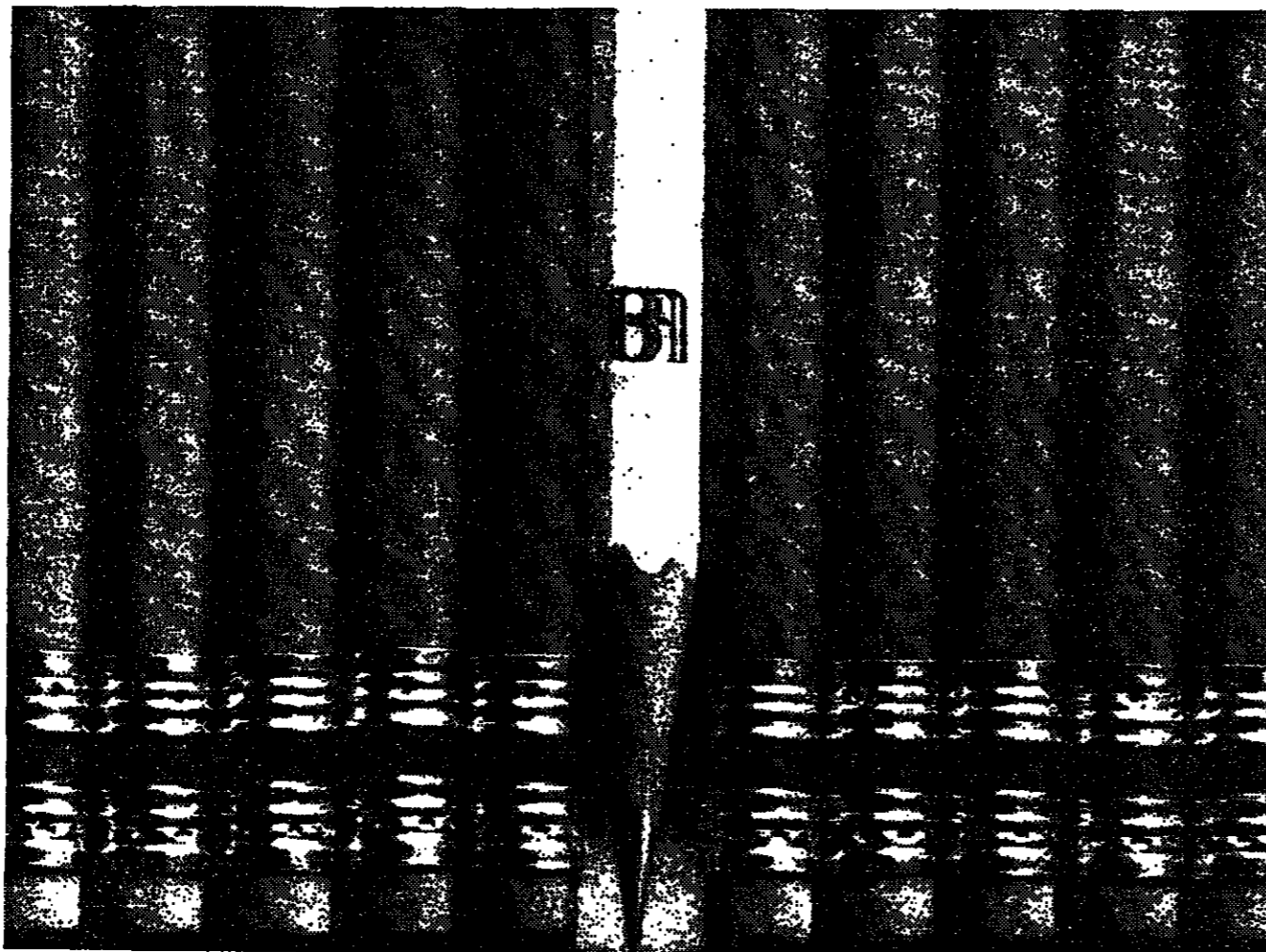
● FROSPETS of Mr Norman Willis, the Trades Union Congress' deputy general secretary, succeeding Mr Len Murray as general secretary improved yesterday when Britain's largest union, the Transport and General Workers', backed him for the job.

● FURTHER TALKS are expected today to end a transport drivers' strike, which has halted all car output at Austin Rover's Longbridge factory, Birmingham. More than 9,000 Longbridge workers have been made idle. Production of the Maestro and Montego models, assembled at Cowley, Oxford, could be affected within the next 48 hours, as the engines are supplied from Longbridge. The dispute began when Mr Zedekiah Mills, a truck driver, was dismissed for allegedly hitting a supervisor.

● THE GENERAL Municipal and Boilermakers Union is to adopt a series of rule changes likely to bring its rule book into line with the provisions of the Trade Union Bill which will become law in the autumn.

Strike law changes, Page 12

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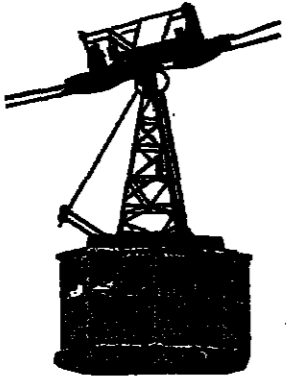
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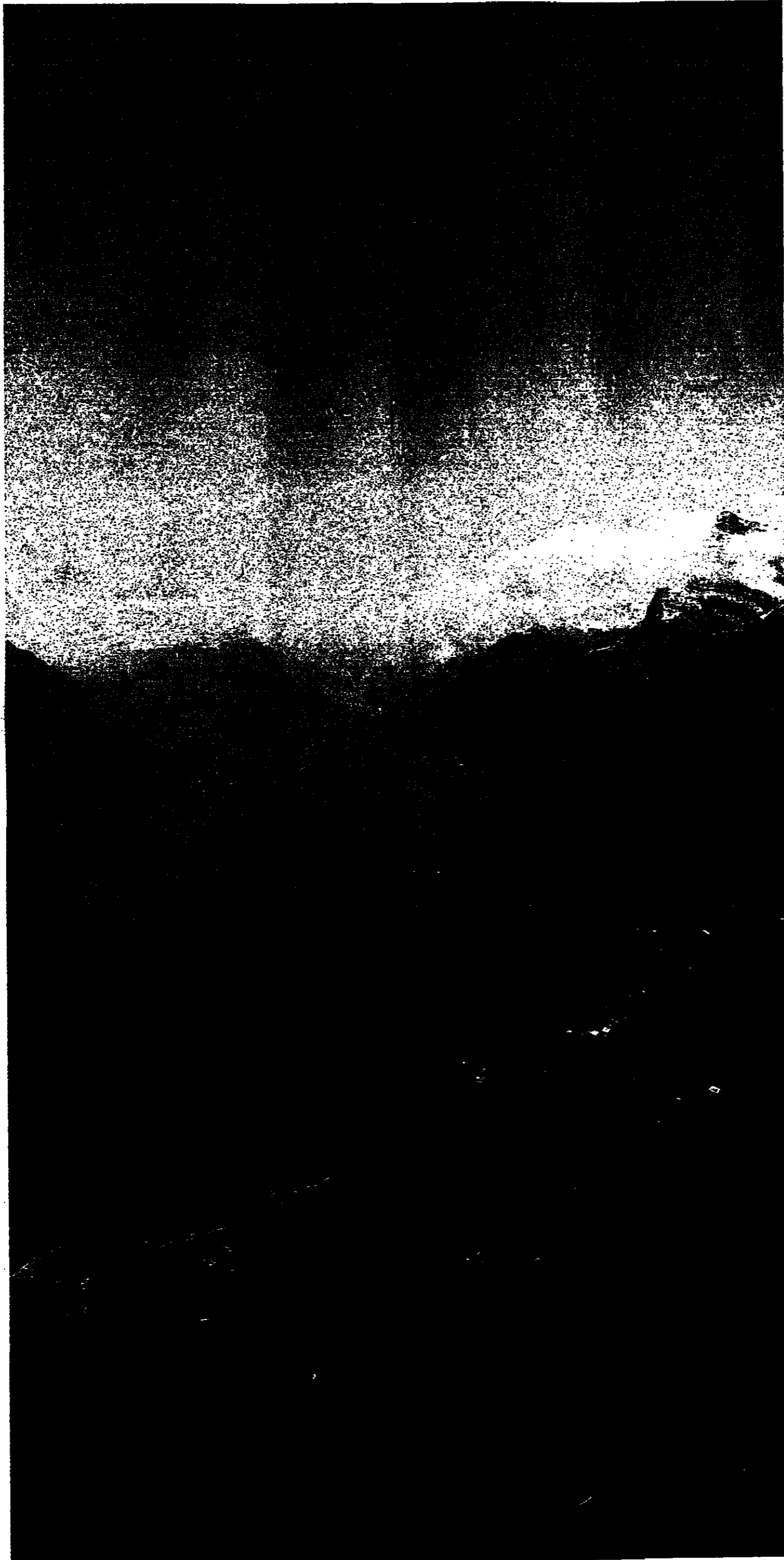
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UK NEWS

Minister defends plan to change strike law

BY OUR LABOUR STAFF

MR TOM KING, the Employment Secretary, yesterday defended his plans to outlaw strikes not supported by a majority of union members in a secret ballot. He said that union leaders had whipped up a "synthetic" row over his moves to tighten the Trade Union Bill now going through Parliament.

Mr King was responding to mounting and influential opposition to the Government's proposed changes to the Bill. This followed Mr King's disclosure at the weekend that the Government would table an amendment to the Bill requiring secret ballots before strikes to show a majority in favour of industrial action. Without a majority, the union would not have legal immunity from civil action for damages.

Much of the opposition, from trade union leaders, Labour MPs and academics was based on the belief that Mr King's proposal would cover not a majority of those voting, but a majority of those eligible to vote.

Mr King acknowledged yesterday that this had not been clearly explained. "It must be a majority of those actually voting," he said.

The Government's plans have been made as a result of the present miners' strike during which there has been no national ballot of union members. Mr King said the



Mr Tom King

miners' dispute had become an assault on the law.

"In trade union legislation we don't cover the use of telegraph poles as battering rams, or the use of missiles and bricks being hurled over the heads of the crowd," he said.

"This sort of mass picketing is totally in breach of anything the TUC (Trades Union Congress), quite apart from the Government, has ever said on what is peaceful and reasonable picketing."

Mr King will face House of Commons' questions today over his proposed amendment, when he is like-

ly to amplify his explanation over the definition of a majority. The proposal still raises a number of significant issues, however.

● The new insistence on a majority of those voting does set it apart from the other criteria in the Bill, which in the main insist on the electorate - either in strike ballots or union elections - being all those eligible to vote, apart from some strictly defined exceptions.

This is a straightforward acknowledgement by the Government of practical limitations. There are few, if any, elections anywhere which could satisfy the criterion of a majority of those eligible to vote.

● As Mr King pointed out yesterday, the vociferousness of the trade unions' reaction to the disclosure was mainly about the central idea of strike ballots. In many cases, unions are only now beginning to realise that changes in practice will be required under the Bill and are starting to take appropriate steps.

● The Government had originally held out against altering the Bill's drafting, which states that unions will win immunity providing that they hold a ballot, regardless of its result. The reason was that Mr King and his team were convinced that no responsible trade union leader would ask his members to come out on strike if a majority of members were against it.

Five-nation push for Euro-fighter deal

STRONG EFFORTS are now being made by the aerospace industries of the UK, West Germany, France, Italy and Spain to settle outstanding differences of view on the proposed Future European Fighter Aircraft (FEFA) project, to enable the defence ministers of the five countries to authorise further work at their next meeting in early July.

Reports from the recent Hanover Air Show suggesting that the project was in jeopardy are dismissed in the European aerospace industries, but it is clear that some major problems must be cleared up before the defence ministers can push the venture ahead.

The overall cost of full-scale development and production of the projected Euro-fighter is bound to run into several billion pounds, making it impossible for any country to go ahead alone.

The differences have emerged during discussions recently by the major aerospace companies involved on the "pre-feasibility studies" into the new aircraft. Although the air staffs of the five countries some time ago agreed a common target for such an aircraft, translating it into a common design is proving more difficult.

Defence ministers are due to meet on July 9, to discuss and if possible agree the next stage, which would be a full-scale "feasibility study." That study might take another year or more, before a final decision to embark on development and production is taken.

Michael Donne, Aerospace Correspondent, looks at the obstacles in the way of an early agreement on the proposed European Fighter Aircraft

The new fighter is required for service in western Europe from the early 1980s to replace a wide range of types that by then will be ageing, such as Jaguars in the Royal Air Force and Phantoms in the Luftwaffe.

The European air forces alone would need 800 to 1,000 aircraft, but export sales would be expected to multiply that figure several times over.

To build up advanced technological knowledge in preparation for the full-scale development of an aircraft, both the UK and France have begun building experimental types - the UK's jointly funded British Aerospace/Ministry of Defence Experimental Aircraft Programme (EAP) and the French Dassault-Breguet Avion de Combat Experimental (ACE).

Work on both these projects is being pursued as separate ventures in the two countries, while international discussions continue on how to bring together the industries and defence interests of the five countries on the wider FEFA project itself.

Although much has already been achieved on the EFA, some significant problems have begun to emerge, and representatives of the

aerospace industries at the recent Hanover Air Show showed little reluctance in voicing them.

At the industrial level, issues which still need to be solved are the division of work between the five companies involved (British Aerospace, Messerschmitt-Bolkow-Blohm of West Germany, Dassault-Breguet of France, Aeritalia of Italy and Casa of Spain).

The precise size and shape of the organisation that will have overall responsibility for co-ordinating the venture has also to be settled.

There are also budgetary issues outstanding, especially the shortage of available funds in West Germany, which is regarded as a particularly severe difficulty. Shortage of cash has already forced West Germany to cut back its involvement in the UK's EAP.

At the technical level, such issues as the prospective weight of the new Euro-fighter (which will influence its performance), and its precise military role, have also still to be settled.

There is also a difference of view over which engine is to be used initially - either to build a new one or use a derivative of an existing engine. In all these areas, the differences

between the UK and France appear to have been the most marked.

Reports at the Hanover Air Show suggested that Dassault-Breguet was seeking leadership of the entire venture, with 46 per cent, with the UK having 22 per cent, West Germany 16 per cent, Italy 10 per cent and Spain 6 per cent.

The UK believes that a genuine partnership arrangement, both in terms of funding and work-sharing, would be preferable, with equal shares for at least the three biggest members of the group, with the Italians and Spanish perhaps having smaller shares more in keeping with their financial contributions.

The UK also feels that a small, central design team would be preferable to a massive "overlord" organisation, but recognises that some overall controlling body is desirable.

The big investment in the current Panavia organisation for the Tornado multi-role combat aircraft makes it sensible for that organisation to be regarded as the possible "overlord." But the French, not being in Panavia, are not happy with that solution.

On the technical level, the UK would like to see an "air superiority" fighter that would be of suffi-

cient weight and performance to meet any likely threat emerging in the 1990s and beyond, such as MiG-29s or even more advanced Soviet aircraft.

The French, by comparison, want to see a smaller fighter, devoted more to ground attack.

There are also differences of view on the engine. The UK believes it would be best to use a derivative of the Turbo-Union (Rolls-Royce, MTU and Fiat Aviazione) RB-199, as used in the Tornado aircraft and planned for the UK's own EAP, giving more time to develop a new engine later.

This would ease the financial problems, which would be severe if both a new engine and a new engine were developed together.

The French, on the other hand, who are not in Turbo-Union, would prefer to use the Siemens M88, already under development for their own ACE demonstrator aircraft.

Some of these differences between the UK and France are so marked that it has been suggested that the defence ministers of those two countries should meet privately in advance of the main ministerial meeting in July to try to settle the problems.

At the UK industrial level, there is a strong feeling that unless these differences are sorted out soon, there would be little chance of the main meeting of the five defence ministers being successful.

Union negotiators set new pay target

BY JOHN LLOYD, INDUSTRIAL EDITOR

UNION pay negotiators are once again trying to achieve the "going rate" - the typical level of wage settlements. This follows two to three years in which percentage pay deals showed a relatively wide range and managers believed a company's ability to pay was being taken into account.

Evidence from the data bank of the Confederation of British Industry (CBI) and from other pay research bodies, such as Incomes Data Services, shows that pay rates are now bunching at or slightly above the level of inflation.

The evidence is causing the employers some concern. The CBI, which is preparing its pay presentations to be made to its members later in the year, will stress the need to keep down unit costs through stronger links between pay and productivity.

CBI officials recognise that many pay settlements which appear high

have been "paid for" by productivity improvements. They are anxious that such trends become general.

They recognise, however, that the "headline" figures of settlements to be used by union bargainers to argue for higher increases. This comes at a time when company productivity is improving but when unit labour costs still lag by up to 20 per cent behind the UK's major competitors.

The CBI's data bank figures for the first three months of this year, published last month, show settlements in manufacturing industry edging up to about 6 per cent. Department of Employment figures showed average earnings growing by an underlying 7.75 per cent, with a 9.5 per cent rise in manufacturing earnings over the same period.

An Incomes Data Services compilation of settlements showed them to be bunching between 4 and 8 per cent in April, with a decline in settlements under 5 per cent.

Airline plans European commuter service

BY MARK MEREDITH, SCOTTISH CORRESPONDENT

PROPOSALS for a new scheduled airline to serve business commuter routes between Edinburgh and Paris, Brussels, Copenhagen and Frankfurt have been placed before the Civil Aviation Authority.

Scottish Executive Airways has been set up by Mr Bill Stevenson, who is chairman of the Scottish Transport Group and numerous other Scottish business interests.

The airline would be a subsidiary of his small air charter business, Aerotime, and would join a number

of small commuter companies using British Caledonian's flight services

British Airways has a Glasgow-Paris route and Air UK has Edinburgh-Paris, while SAS operates between Glasgow and Scandinavia. Most European routes from Edinburgh require flying first to London Heathrow or Gatwick.

The new service aims to be able to operate profitably to European destinations by using small, fuel-efficient aircraft.

Tories reject electoral reform calls

By Ivor Owen

VISCOUNT WHITELEW, the leader of the House of Lords, yesterday strongly re-affirmed the Government's commitment to retaining the first past the post electoral system.

He swept aside demands by Social Democratic Party (SDP) Liberal Alliance peers for the introduction of proportional representation (PR) and for the reform of the constitution of the House of Lords.

Lord Whitelew said: "The Government has no proposals to reform the constitution of the House of Lords or to alter the method of election to the House of Commons."

There was derisive laughter from Government supporters, when Lord Diamond, SDP leader in the Lords, argued that the outcome of the five by-elections held since last year's general election had provided further proof of the unfairness of the present electoral system.

He said an analysis of the total votes passed in these contests showed that Labour occupied third place with 27 per cent, the Conservatives second with 33 per cent, with the Alliance "well at the top" with 39 per cent.

Lord Diamond asked: "Do you think it just that, whereas 68,000 Conservative voters secured three representatives, the much larger number of 52,000 Alliance voters secured no representation at all?"

Lord Whitelew said the rules of the electoral system were well known and had been in place for a long time. "I believe in playing by the rules of the game, and I would keep them that way," he said.

Love at first flight.



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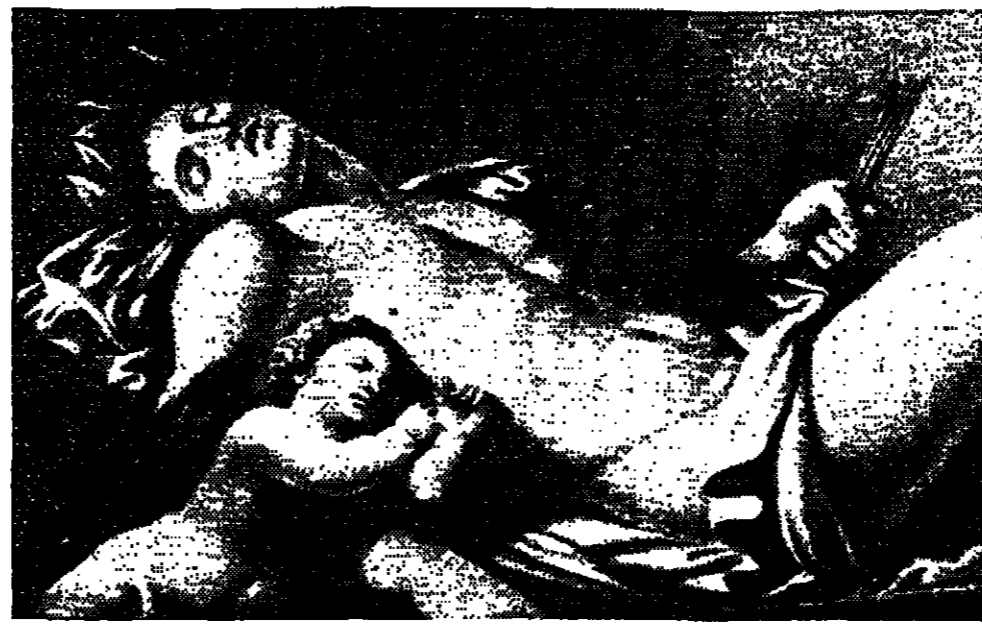
THE ARTS

London Galleries/William Packer

A civilised week in town

The extraordinary variety of visual pleasure to be had in the galleries in almost any week of the year is so much a commonplace of civilised London life as to be in danger of being taken for granted. Here, then, is a selection of some of the best of the week's exhibitions...

thing of exquisite profundity, its production is not necessarily the point of the activity in quite so direct a way as the artists do not always produce successful and beautiful works, and their drawings go wrong or remain inconclusive and unfinished. But at this most fallible juncture, we are privy to the artist most intimately at work, and being close to him, we come to share in something of his interests, intentions and preoccupations, and his difficulties too. Odd things begin to happen: we may not be let into the secret altogether, but we begin to sense the secret that is there, which is that beauty is not the point at all, but rather a kind of truth that is being striven for, a knowledge of experience and its truthful expression. Instinct with such preoccupation, what might have seemed perfunctory or unresolved can now be seen to be very beautiful indeed.



"Riversata l'idea" by Carlo Maria Mariani

himself from Covent Garden to set up his gallery in two ample upper floors at 13 Old Burlington Street, which is an encouraging sign in these difficult times. His opening show is called La Pittora Colta which, with its nice suggestion of an educated and civilised interest, brings to us a small group of works by artists who are part of the current preoccupation with classical reference and arcane symbolism (until June 30). It is an uneven show, but more frustrating than disappointing: for two or three of the artists are rather weak, others such as Abate and Mariani make us wish for more, and rather more substantial pieces. Most of all is this true of Gerard Garouste, a Frenchman, of whom we have seen something already at Riverside, and Stephen McKenna. But if that is what Mr Totah intends indeed to give us, so much the better.

work he is to give us a show of the work of Graham Crowley, who is one of the liveliest and most interesting of our younger figurative painters. He is no latter-day classicist, neo or paleo, but rather a full-blooded and extremely engaging symbolist, whose violent and obsessive vision of The Revolt of The Domestic Appliances owes rather more to Walt Disney than to Poussin, David or de Chirico. A large new diptych of his, with associated drawings, now dominates the restaurant gallery at Riverside Studios (until June 24). "Reflections," a double image that looks out of the window across the desolate landscape, now tops, and back inside at the mayhem being wrought by manic hammers, plugs and electric drills—hilariously, or perhaps I should say hysterically sinister.

A Village Romeo and Juliet

Ronald Crichton

For the 50th anniversary of the death of Delius (born in Yorkshire) Opera North have staged, for the second time, his best-known opera at the Grand in Leeds. Once again they acknowledge the support of the Delius Trust. The opera of Delius are slow to gain the general acceptance and dense of the visual world of Delius, who was a friend and patron of Gauguin, knew and gave for Edvard Munch and married a minor impressionist.

Book Review/Max Loppert

Farewell Sir Geraint

A Knight at the Opera, by Geraint Evans with Noël Goodwin, Michael Joseph, £12.95, 276pp

The final appearance of Geraint Evans on the British stage, in L'elisir d'amore last night, and the publication of this autobiography to him with the farewell Donizetti performance at Covent Garden, are perhaps excuse enough to start a little Evans stock-taking. This must, however, be a premature moment to do so; for he has been, after all, an operatic artist so familiar, so much loved, and so completely a part of the operagoing of any Londoner over the last three-and-a-half decades that it will be a while before we have worked out to the full what life, and particularly Mozart comedy, at the Royal Opera will be like without him.



Sir Geraint Evans

of operatic memory rather than the forays into more dramatic roles—Wozzeck, Evans' most famous non-comic part, pales into insignificance in any mind's-eye comparison with Papageno, Figaro, or Leporello, Pasquale or Dulcamara. The quality that set the comic player apart might be deemed the prodigious appetite for every aspect of stage comedy, combined in a personality volatile and dominant enough to reach the back rows of any theatre—a single "C'est moi!" from Evans' Coppélius on first entrance, bestriding forth with a knowing leer, was enough to set the whole house instantly roaring.

Tatiana Troyanos/Covent Garden

David Murray

Miss Troyanos' Celebrity Recital at the Royal Opera on Sunday demonstrated several things—that it takes her a little while these days to warm up; that she is a hopelessly deadening place for a piano (even when Geoffrey Parsons is playing it); that orchestral songs reduced for piano are therefore dicey business; and that her vocal powers when Mr Parsons is playing them; and how much we have missed her here in recent years. Once she had reached her best form, after the interval, everything she did was vociferously received by the not over-large audience, and every shout was deserved.

by reduction to a piano alone (for it amounts to an accompanied love duet for piano and soprano), and besides Parsons kept his "solo" voice quite passive and backward; some slurred stretches in the mezzo voice, and an occasional hiccupping, were uncomfortably exposed. In two of three songs from the Berlioz Nuits d'été, taken perilously slowly, there were unmythical scoops—cosying up to notes from below and receiving positive support at all from the piano. Parsons dared a little more in Mahler, four of whose Knaben Wunderhorn songs began to sound like proper Troyanos performances.

Tony Awards/Frank Lipsius

An award show like the Tonys cannot be expected to rise above a disappointing Broadway season. The Glengarry Glen Ross is the only play on the list that is a reflection of the strengths that did exist, as indeed happened with Mike Nichols' high-energy rendition of Tom Stoppard's The Real Thing (which was awarded best play) and Death of a Salesman (voted best revival).

Mrs Gauguin/Almeida

Martin Hoyle

After its uncertain start with Hedda Gaborler the Almeida Theatre Company hit their stride with this intriguing production: sometimes puzzling, but individual and distinctively stylish.

provides a symbolic leitmotif that recurs from the opening scene when Mette's dotty gossamer mother (Jan Paschold, aptly named) insists on recalling the mortal prince loved by a sea-creature who could reach him only by renouncing speech; and how he abandoned her.

Arts Guide

Music/Monday, Opera and Ballet/Tuesday, Theatre/Wednesday, Exhibitions/Thursday, A selective guide to all the Arts appears each Friday. June 1-7

Opera and Ballet

LONDON
Royal Opera, Covent Garden: This month's concert company takes over the house for a spate of performances more numerous than usual. In the forefront is the new production of Aida by Jean-Pierre Ponnelle, conducted by Zubin Mehta, with a cast led by Kiri Te Kanawa and Luciano Pavarotti. Final performance of the current L'elisir d'amore revival, which will mark Sir Geraint Evans' last appearance on the opera stage.

LORRION ELSON and Juliette Naylor, choreography by Maurice Bejart and Lorrio Elson (8.30pm), and Paul Taylor Dance Company, which celebrates its 30th anniversary with the new production of L'Orlando is staged by Sir George Cullen-Boothby (8.30pm), Théâtre de la Ville (2742277).
NEW YORK
New York City Ballet (New York State Theatre): 37 repertory works, including 24 by George Balanchine and 10 by Jerome Robbins, comprise the spring season, featuring on Wednesday the Annual Spring Gala with a preview performance of a collaborative work by Twyla Tharp and Jerome Robbins. Ends June 24, Lincoln Center (870-5770).

berg, Don Pasquale has Karin Ott in the role of Norina. (34.381).
Hamburg, Staatsoper: La Traviata has Eugenia Moldovanu in the title role. The new production of L'Orlando is staged by Sir George Cullen-Boothby and conducted by Sir George Cullen-Boothby. Rüdiger Wohlers appears in the title role. Zar and Zimmermann is a well done repertoire performance. Der Rosenkavalier closes the week. (33.1151).
Cologne Opera: A new production of Rossini's rarely-played La Gazza Ladra by Michael Hampel, conducted by Bruno Bartoletti, starts Elena Cotrubas, Nucci Condo and Alberto Rinaldi. Werther returns with Kathleen Kahlmann and Juan Lorenz. Also offered Don Pasquale. (20.787).
Frankfurt, Opera: Don Pasquale, the last time this season, has Barbara Bonney, one of the brightest young talents on the operatic scene, in the part of Norina. Harry Kupfer's production of Lulu, with a complete third act, has Nancy Shade making her debut in the title role. Ein Maskenball convinces thanks to Mara Zampieri as Amelia and Luis Lima as Oscar. (22.021).
Stuttgart, Württembergisches Staatstheater: Philip Glass' opera Echnaton, composed for Stuttgart Opera, is produced by Achim Freyer, conductor. The production is outstanding in a cast of high standard. A further performance is Don Pasquale. (20.521).
Munich, Bayerische Staatsoper: Fidelio has James King in the part of Florestan. Puccini's two one-act operas Il Tabarro/Gianli Schicchi are finely interpreted by Cornelia Wullop, Giorgio Lambert and Garbis Boyagian. The Magic Flute is worth a visit with Bruce Schaller and Lena Horowitz. La Bohème conducted by Giuseppe Patane stars Gabriele Benachova and Bodo Brinkmann. (21.801).
ITALY
Turin: Teatro Regio: A new production of Così fan tutte directed and with costumes and costumes by Sylvano Bussotti, conducted by Zdenek Macal. Singers include Enzo Dara, Dalmacio González and Carman Lavanti. (54.90.00).
Rome: Teatro dell'Opera: Three ballets to celebrate the 50th birthday of the composer, Gottfried Friess, Portrait of Don Quixote, The Minuet of Orlando and 8th Concerto - the latter with choreography by Michela Hoekke and scenery by Giulio Turcato. (49.17.05).
Naples: Teatro San Carlo: First modern production of Niccolò Tommaseo's opera La Schiava Libera directed by Roberto de Simone with Alan Curtis conducting his Complexo Barocco (41.82.66).
VIENNA
Staatstheater: Il Trovatore conducted by Franz Konrad, Der Rosenkavalier conducted by Seppenschütz (Mon and Thur). Staatsoper (53.24.26.55). The American Dance Machine on a guest visit perform original dance routines from classical Broadway musicals. Theatre an der Wien (37.71.81). Ends June 10.

Brandenburgers in Bohemia/Prague

Andrew Clark

Who exactly are the Brandenburgers in Bohemia? On the surface Smetana's first opera, written soon after his return to Prague in 1861 and premiered there in 1866, depicts historical events of the late 15th century when the Czech homeland was occupied by German-speaking invaders from the north. But given the surge of nationalism in Bohemia at the time the opera was conceived, Smetana must have had contemporary events equally in mind, and the point was not lost on the opera's first audiences. The prevalence of German language and culture in Bohemia under the Austro-Hungarian empire was a yoke that Smetana resented, and Brantibor's Čecháček, to use its Czech name, constitutes his first overtly patriotic work, forecasting the day when Czechs would be free to determine their own destiny.

Brantibor was far more flattering to the company and to the opera. The music - stronger on melody than counterpoint - passes through an easily discernible pattern of recitative (often declamatory in nature), ensemble and aria, more simplified than the ensuing operas and with a less wide-ranging orchestration; but it is always full of arresting instances where a corner is unexpectedly turned and attractive musical vistas open up.

Letters to the Editor

Shipbuilding compensation

From Sir Walter Salomon. Sir—I was interested to read Malcolm Rutherford's article (June 1) "A legal tug of war" on the question of shipbuilding compensation. This is a case which I have followed with the closest interest since the Act was first passed as long ago as 1977 and I have been involved personally in some most unsatisfactory meetings with the Ministers concerned at the Department of Industry, not to mention the civil servants.

Women in employment

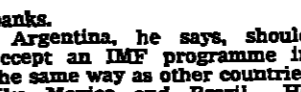
From Hilary Wilce. Sir—Your leader on "Women in employment" (May 31) is excessively sanguine. There is no substantial evidence that the momentum of the social revolution chartered (charted?) by the DoE will carry women into more of the better jobs currently monopolised by men. Numbers are small, and likely to remain so, and meanwhile fresh gulfs are opening up all the time.

How to soothe the markets

By Max Wilkinson, Economics Correspondent



THE DISTURBING rise of U.S. interest rates during the past two months has put the world debt crisis high on the agenda of the economic summit, which starts in London on Thursday.



Mr Lawson (right) believes that a budget statement of intent by the U.S. is now needed

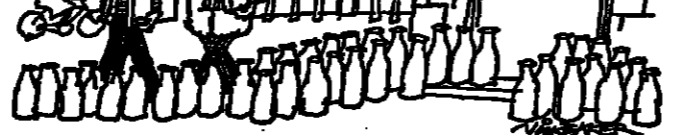
clearly now that the problems of the debtor countries—and, therefore, the risks to the international financial system—are going to be much harder to solve unless these countries can find markets for their exports. He also believes the recent agreement between the U.S. and Japan on the first steps to open up the Japanese capital markets is another hopeful sign.

Argentina, he says, should accept an IMF programme in the same way as other countries like Mexico and Brazil. He hopes they will do so. But if the Argentines cannot agree to an IMF programme "I do not think it would be the end of the world if the loans should become technically non-performing."

Identical Summit briefings

From the Director, ICC United Kingdom. Sir—Your leader (May 31) on the prospects for the London Summit was very welcome to the International Chamber of Commerce, which has, on behalf of its unique business membership in over 100 countries, briefed all the Governments due to meet at Lancaster House in identical terms.

A very hard-working life



From Professor K. Miller. Sir—I have never in my life of 52 years read a letter in the columns of the FT containing so much rubbish, ill-informed data, infantile calculations and childish reasoning as that of Mr G. N. Woodward (June 1).

tomorrow I shall sneak off for four days' walking in the Lake District. These pressures now being placed on technology-based university engineering departments are due to the urgent necessity to train tomorrow's high-tech professionals—a task under the General Agreement on Tariffs and Trade (GATT) will, he thinks, be given a favourable response.

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Airlines and airports

From the Planning Director, British Airports Authority. Sir—The determination of Manchester International Airport's chief executive to increase his business does him credit, but he should not give the impression (May 29) that his efforts to do so are being frustrated by "Government blocking tactics to protect the vested interest of airlines and airports in the south east."

Bagehot would have died

From Professor I. Pearce. Sir—it is to be hoped that no one will infer from Samuel Brittan's article "Problems of last resort lenders" (May 24) that Walter Bagehot "would have nodded approval to Prof Michael Lipton's suggestion that 'last resort lending should take the form not merely of short-term loans and discounts, but of a bond issue (presumably foreign) debt at a discount.'"

that all money should be convertible on demand into a quantity of goods equal in market value to a fixed weight of gold of given fineness. The reserves held by the Bank of England to be lent as a "last resort" were, in effect, goods not promises. The idea that a central bank might be invited to act as lender of resort without any reserves at all except the right to print notes bearing the legend "I promise to pay the bearer on demand another note exactly like this one" would be quite beyond anything that Bagehot could have imagined possible.

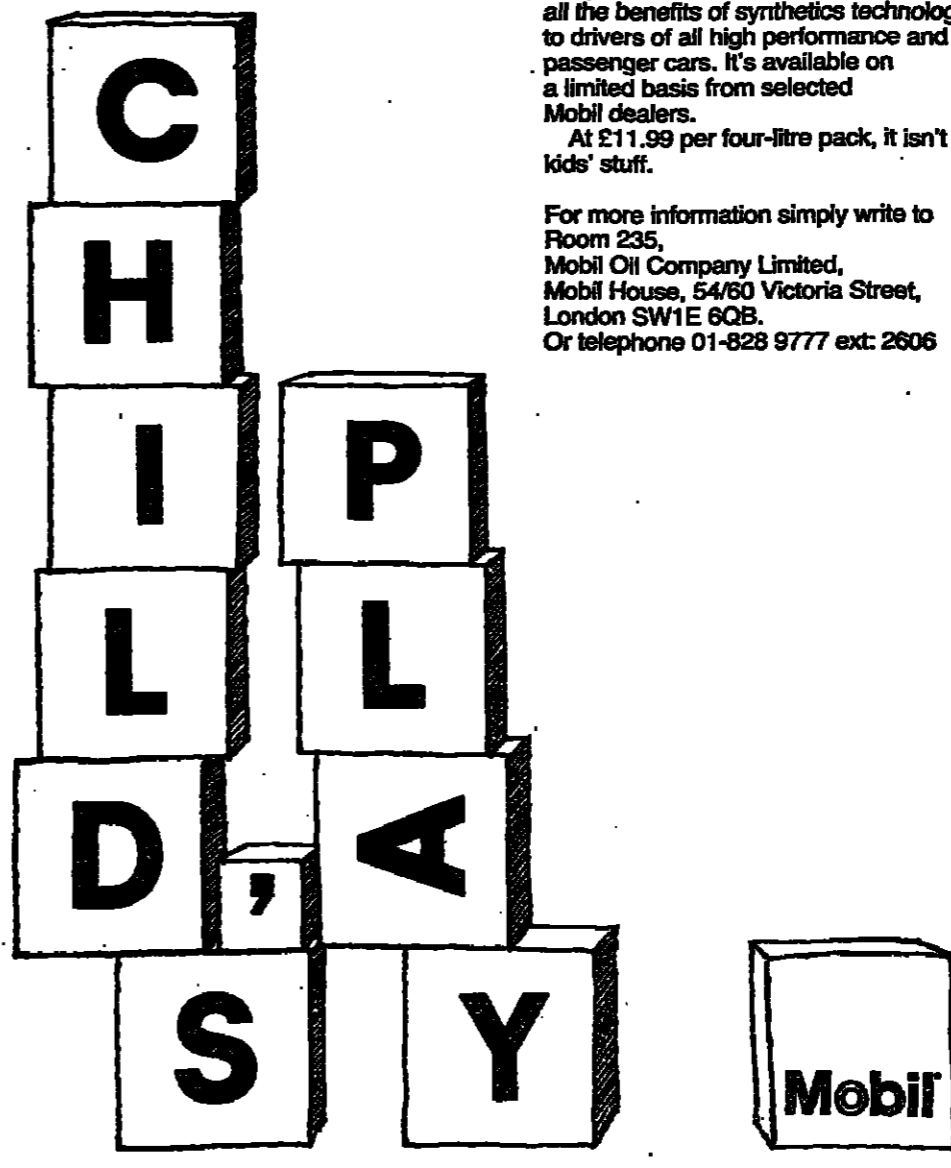
Insurers' direct involvement in the motor repair industry

From the Director, Vehicle Builders and Repairers' Association. Sir—The feature by Eric Short on General Accident entering car repairing (May 25) falls into the all too familiar trap, I'm afraid. Reference is made to insurers never having had a direct involvement in the motor repair industry and their having been criticised for not controlling repair bills which has led to higher premiums. I think these speculative points require balancing against other known facts.

the unsatisfactory way in which vehicles are disposed of as a total loss. This is just one element of a regrettable feature of motor insurance, i.e. that there is insufficient concern by insurers of what happens to written off cars. Why is it that vehicles are built to such strict engineering (EEC type-approved) standards but there is no requirement on any repairer to return the vehicle to these standards in the course of accident damage repair? Members of this association believe that there is no good reason and they are prepared to be monitored accordingly.

Now, if the Insurers in general would follow this lead... J. G. Mellor, Belmont House, Gildersome, Leeds.

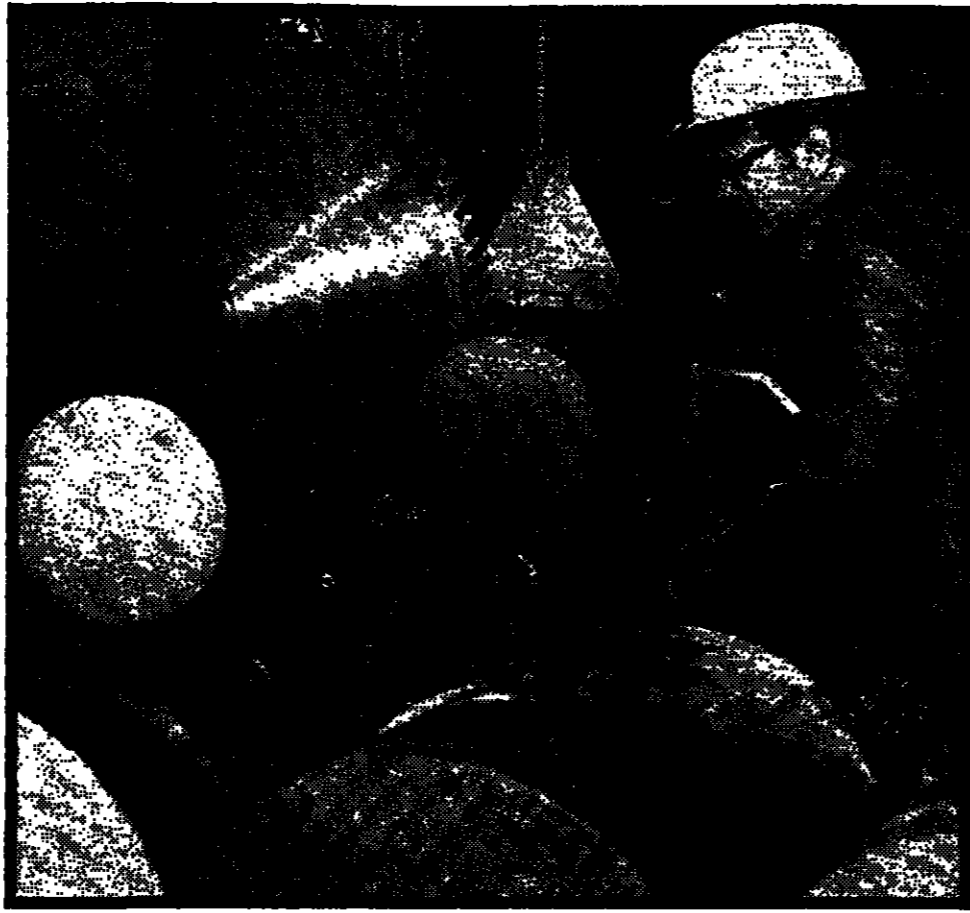
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West German Industry

The metalworkers' strike has cast a shadow over the economic upswing but industry's underlying rate of growth is strong and the general mood remains optimistic



Sawing steel billets in the Ruhr

DESPITE ALL the obstacles, a new mood of confidence has emerged clearly in West German industry over the last year. True, every month still brings hundreds of company bankruptcies and unemployment hovers at about the 2m mark. Moreover, the key metalworking sector has been locked in a long and bitter dispute, ending in a strike, over trade union demands for a shorter working week.

Why then the buoyancy among industrialists who back in the 1970s, with what was held to be typical German pessimism, often seemed depressed even when things were going well for them by the standards prevailing in most other countries? There are several recent causes but the main one has deeper roots.

The most obvious reason is that the economy is at last pulling strongly out of recession. It was fair to have doubts about that for at least part of last year. Initially foreign demand for German goods was weak and traditionally it has been booming exports which have sparked economic recovery at home.

This time things have been different. Unexpectedly, German consumers went on something of a spending spree. With real wages and salaries stagnating, they had to plunder their savings accounts to do so, and as a result the savings ratio (as a percentage of disposable income) dropped to about 13 per cent in 1982. But that surge in domestic demand helped to

propel the economy to a growth rate of 1.3 per cent in real terms after two successive years of contraction.

In the meantime, export business has become buoyant too. With more than one half of their foreign deliveries made up of capital goods, the Germans in particular are benefiting from an economic upturn concentrated mainly on the industrialised world.

Currency factors helping to make German goods more price competitive on world markets have also played a part. The D-Mark has been markedly undervalued against the high-flying U.S. dollar and, arguably, against the currencies of some of the Federal Republic's key customer countries in the European Monetary System (EMS).

With imports rising fast too, the stable trade surplus this year is unlikely to match the record DM 51.2bn figure of 1982. But after allowing for the traditional deficit on "invisibles" most experts believe that the current account surplus will exceed last year's DM 10.1bn. Five leading economic institutes in a joint report this spring even forecast that the current account figure might double.

The economic upturn is being underpinned by stronger industrial investment, itself founded on a marked boost last year in company earnings. On average profits were up by about 20 per cent (admittedly from a very low level), thanks to better use of capacity and wage unit costs which actually fell by 1.1 per cent after rising by 4 per cent in 1982 and by 5.3 per cent in 1981.

The top performers were the chemicals, vehicle and electrical sectors—with mechanical engineering lagging and steel and shipbuilding still deep in crisis. The outlook for this year is for a further rise in output and earnings—and an increase in overall economic growth of at least 3 per cent in real terms. The strike on the labour front has cast a shadow over that forecast, but has not undermined it.

That broad picture of economic upswing shows why German industrialists are breathing more easily, but it does not of itself wholly account for the change of mood. It would be tempting to claim that the new buoyancy has been caused by government action since the Centre-Right coalition under Chancellor Helmut Kohl replaced a Social Democrat-led administration in October 1982. And there is at least something in that.

For one thing the government has been conspicuously successful in cutting its borrowing—even beyond its own best hopes. Last year its net credit intake was little more than DM 30bn, instead of a projected DM 40bn, and this year the figure seems certain to be lower still.

The action has helped reduce pressure on the capital market, thereby keeping interest rates lower than they would otherwise be, and cut the danger of more inflation. Even with this year's stronger economic

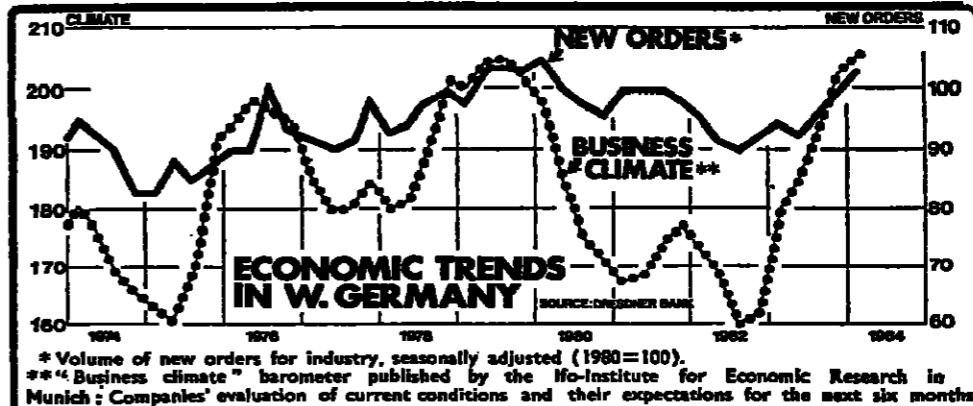
gradually swung away from enthusiasm for social reform and reliance on the state towards support for thrift and personal initiative.

The actual government swing might well have occurred earlier if the Social Democrat Chancellor, H. Kurt Schmidt, had not been unusually popular in the country, with an understanding of the needs of businessmen which exceeded that shown by his party.

It would be easy to exaggerate—simply to say that the social benefits introduced in the reform era of the early 1970s put an almost intolerable burden of new costs on enterprises, brought less investment and higher unemployment.

The other side of the coin is that the social security network helped to ensure the stability of a state with only a few decades of democratic experience, as inflation and joblessness rose after the oil crisis of 1973-74. It was no foregone conclusion that the Federal Republic would absorb with relative equanimity the burden of even 1m unemployed, let alone 2m.

Nonetheless, somewhere along the line people began to realise that the strains on the private sector had become too intense. It may well have been during the plunge into current account deficit in 1979-81, partly coinciding with the second oil



* Volume of new orders for industry, seasonally adjusted (1980=100). ** "Business climate" barometer published by the Ifo-Institute for Economic Research in Munich: Companies' evaluation of current conditions and their expectations for the next six months.

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crisis which the country did not ride out as well as it did the first. The threat of foreign competition, especially from the Far East, became ever clearer as major German companies with household names such as AEG-Telefunken and Grundig found themselves in difficulties. The perils of a low equity capital base and the need for better earnings became plain as

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WEST GERMAN INDUSTRY 2

A big programme of state support for high-tech industries begins this year

Still ahead in many sectors

Research and technology

RUPERT CORNWELL

NATIONAL MOODS can be curiously fickle. Up till a few weeks ago, throughout last autumn and winter, there was no more fashionable theme in West Germany than its presumed backwardness in high-technology industries. The country, the argument ran, was irreversibly doomed to industrial sepiolity and decay. America and Japan had built up unassailable leads in such areas as electronics and telecommunications. Hardly a political speech was made without reference to Germany's supposedly small bent for innovation and risk taking enterprise.

The most disparate remedies were canvassed: including one by Herr Hans Dietrich Genscher, the Foreign Minister, that the answer lay in the creation of top-crust, "elite" universities. The theme, however, scarcely varied, that the race was as good as lost, hardly after it had begun.

But now, with the arrival of spring, the feeling is more sanguine. The Government has played its part by bringing in a DM 5bn (\$1.1bn) programme

of state support for high-tech industries—among the largest such ventures of its kind ever embarked upon by an individual country—and by giving its blessing to the "Esprit" scheme of the EEC.

True, the doubts remain. But the broadbrush pessimism has given way to a more measured analysis of the facts, and with it a different picture has emerged, of light and shade in very even quantities.

What is more, if West Germany has to make an effort to catch up, the climate could hardly be more propitious. The economy is well balanced, with low inflation and steady, if unexpected, growth in prospect. Moreover, the Centre-Right Government, which has been in office for 19 months, is conspicuously more attuned than its Social Democrat predecessor to private initiative and the needs of industry.

Despite the R and D support programme, the state deficit is being drastically reduced, and public assistance to such "sunset" industries as steel and shipbuilding is being trimmed as far as is possible.

But what is happening, sector by sector? The broad pattern which emerges is of a Germany slipping behind the U.S. and Japan by most conventional yardsticks, but still on the whole ahead of the West European pack.

Consumption of semi-conductors per head, for example, is barely half that of Japan, the world leader, but little short of double that of the UK. Much the same is true of integrated circuits.

More alarmingly however, the statistics increasingly show that much of the required equipment, especially in the data processing field is imported. Ever since 1978 West Germany has suffered a trade deficit in this sector, the last in 1983, being of \$500m.

In the key area of micro or desktop computers, long neglected by domestic manufacturers, more than 50 per cent of the market has been won by three U.S. suppliers: Hewlett Packard, Apple and Commodore. The largest German company involved, Triumph-Adler, has just 5 per cent.

But then again, as a report in March from the Technology Ministry, under its energetic young Minister Herr Heinz Riesenhuber, underlines, West German producers are strong in the "adjacent" sectors of intermediate data technology and electronic typewriters.

On the research side too, all is far from bleak. Siemens, the country's largest electrical group, spends DM 3.5bn a year on research and employs 30,000 people. It is also among the handful of European companies making large volume

"standard" semi-conductors, some of which it sells to IBM.

The picture is equally mixed in the chemicals and biotechnology fields. BASF, Bayer and Hoechst, the big three chemical companies, spend by international standards a more than respectable proportion of their sales on R and D. The same is broadly true of pharmaceuticals—but in biotechnology the West Germans are way behind their U.S. equivalents.

In robotics also, the figures are uncheering. By the end of 1982, West German industry was using fewer than 4,000 robots, less than a third of the number in Japan and half that of the U.S.

It is at such problems that the DM 5bn support programme is aimed. The money will be allocated between 1984 and 1988, above all to the micro-electronic, computer, and telecommunications industries. Software and robotics will get DM 500m, microcomputer peripherals DM 320m, while DM 600m will go towards work on advanced computer systems.

The hope is that the electronics industry itself will spend twice as much again as the Government is putting up—meaning some DM 6bn or 10bn of such outlays in all.

The question legitimately to be asked, of course, is whether a horse taken so expensively to

water will in fact drink. But the signs are that it will. The software and robotics programme has already attracted 700 applications, and a previous DM300m micro-electronics programme was a huge success.

The rewards in prospect are colossal. The information and communications sector is expected to grow by 7 or 8 per cent a year through this decade, more than double the expansion or even the most buoyant "traditional" industry. More important, there are signs that the cautious attitudes of the past are starting to disappear.

West Germans are beginning to discover their own, home-made, "Silicon Valley" pockets of dynamic enterprise. Venture capital, perhaps an overrated cliché, is starting to be seen, while the trend towards smaller, more flexible companies is gathering pace.

That, possibly, is the most important pointer of all. Arguably not the least handicap the average large West German company faces is its own trend towards perfectionism. The gradual development of the best possible product has proved a winning formula in traditional sectors such as engineering. But in electronics a long-laboured product, superior to its rivals on paper, may simply be out of date when it finally appears.

Optimistic mood

CONTINUED FROM PAGE 1

thousands of companies were driven to the wall in a long period of high interest rates.

A change of attitude emerged which, bit by bit, encouraged a more favourable assessment of new technology, made careers in science and engineering more popular again, brought the rise of the Federal Republic's first venture capital outfit and stimulated long overdue reform of the country's puny stock market.

On the way, the Centre-Left coalition, which had been born in quite different economic and financial conditions, was swept away. Industrialists were never quite the nation's whipping boys in the 1970s but nor were they its heroes. Now they can claim, as all Germans did in the "economic miracle" period of post-war reconstruction: "We're really somebody again."

That does not mean all is

now plain sailing. Germans are still adapting rather slowly to changing world economic conditions, not least because of that perfectionist trait in their character which also makes them so successful once they have finally come out with a new product.

They are among the world leaders in such fields as industrial robotics, high-performance cars, optical instruments and in the application of electronics to production. They tend to be behind in quite new sectors like biotechnology and micro-electronics.

On the labour front, there is no good reason to suppose that the strike over a 35-hour week signals the end of relative social peace in West Germany. But it has highlighted the lack of really outstanding leaders on both sides of industry.

The flood of argument and

contradictory statistical "evidence" produced by both sides throughout the dispute underlines that there is no consensus on how best to combat unemployment. Many experts see little noticeable improvement until towards the end of this decade when, for demographic reasons, fewer people will be coming on to the labour market. The urgent problem for the 1990s will then be how to finance pensions with more older people receiving, and fewer younger ones making contributions.

At least the Germans may take comfort from a report published this year by the Prognos economic forecasting firm of Basle. It estimates that in 2000, after all only 16 years away, the Federal Republic will have a far richer economy, that the average working year could be about 250 hours shorter than it is now and that the unemployment rate may have sunk to below 2 per cent (or some 400,000 jobless).

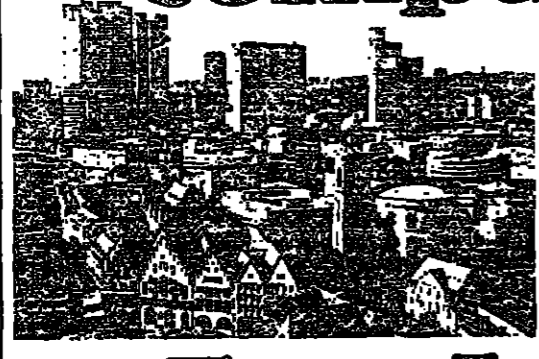
It is a prospect to dazzle even the most optimistic industrialist of today.

KEY FIGURES FOR MAIN GERMAN INDUSTRIAL SECTORS

	Employees		Turnover (DM bn)		Exports (DM bn)		Imports (DM bn)		Foreign trade balance (DM bn)	
	1982	1983	1982	1983	1982	1983	1982	1983	1982	1983
Vehicle building	749,000	735,000	127.6	133.8	72.4	72.5	17.3	21.2	+55.1	+51.4
Mechanical	1,108,000	1,080,000	130.4	132.5	74.1	73.4	24.4	27.8	+49.2	+45.8
Chemical	534,000	524,000	117.9	126.5	53.9	59.5	31.5	34.3	+22.5	+25.3
Electrical Engineering	881,000	845,000	108.2	111.8	41.5	41.8	23.9	26.1	+17.5	+15.9

Source: Federal Statistical Office

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VIDEO TELEPHONES are being tried out by a select few in trials in various West German cities, cable television is being viewed by residents of Ludwigshafen and Munich, while other cities are awaiting a similar service. Bildschirmtext (BITX), West Germany's version of the data network, is being laboriously extended throughout the country, opening the prospect, for example, of home banking.

These are just a few of the more visible signs of the impact on West Germany of the revolution in world communications. At the heart of these developments inevitably is that vast monolith, the Bundespost, the West German postal and telecommunications authority, with its 0.5m employees presided over by the somewhat embattled Herr Christian Schwarz-Schilling, the Postal Minister.

After earlier cutting a figure of some flair, Herr Schwarz-Schilling has come under increasing fire in recent months over various aspects of communications policy.

The sources of criticism have included the Deutsche-Industrie und Handelstag (DIHT), an influential organisation of businessmen, and a former post office executive, Dr Franz Arnold.

Among other things, doubts have been expressed about the Bundespost's heavy outlay on laying copper coaxial cable throughout the country. More emphasis is being sought on promoting technological development by forcing the pace of digitalisation of telephone equipment and application of optical fibre cable. There are also fears that the traditional postal services are being run down because of cost pressures.

The Bundespost rejects such criticism as misplaced. It points to its efforts to stimulate an array of communications technology through orders for

Criticisms on aspects of national policy

Telecommunications
JOHN DAVIES

German companies. Cable TV, as well as Bildschirmtext, will prove able to generate demand once reaching a certain scale. While some postal operations are being pruned, basic services remain intact, it claims.

One of the first acts of Herr Schwarz-Schilling on becoming Postal Minister 18 months ago was to double the outlay on cabling to DM 1bn (\$370m) a year. This is a hefty slice of the Bundespost's finances, even allowing for its total investment outlay of well over DM 14bn a year.

Some critics, including Herr Arnold, argue that the cost of cabling would be left more in the domain of private enterprise, so that the Bundespost could concentrate on tasks more directly related to future technologies, such as digitalisation.

The Bundespost has already taken steps to promote digitalisation with decisions to award contracts for series production of digital exchanges for both long-distance and local networks. After lengthy tests, contracts were awarded to both Siemens, with its EWSD system, and Standard Elektrik Lorenz (SEL), a subsidiary of ITT of the U.S., with its System 12.

Plans are also under way for an integrated service, based on digital technology, joining telephone, telex and data transmission services. This would be tested from 1986 and introduced from the end of 1987.

In optical fibre, the Bundespost has committed itself to take 100,000 kilometres of fibre a year for ten years from 1985 to link major cities. This assurance underpinned a proposal by the five leading cable makers in West Germany to set up a joint factory to make optical fibre in West Berlin. The proposal,

ANT-Nachrichtentechnik, SEL and MBB/Erno and the first satellite, Koperinus, is to be launched in mid-1987.

The Bundespost claims it is acting to meet recognised present and future demand and is consciously trying to promote the interests of local companies. It justifies such a nationalistic attitude by pointing to the continued exclusivity of many other national telecommunications markets.

This was made clear in a

The Bundespost has come under fire over the pace of development

however, has long had question marks over it, not least because of doubts that it would be approved by the Cartel Office.

The Bundespost has commissioned a series of projects to test optical fibre transmission. In one project, an optical fibre link is being pushed southward from Hamburg to Munich, linking main exchanges.

In localised areas of seven cities, the Bundespost has introduced experiments with optical fibre communications, known as BIGFON, allowing such services as video telephones.

In space communications, the Bundespost has awarded contracts worth over DM 815m to a consortium to build a satellite system for telephone and TV transmission. Major work is to be carried out by Siemens,

recent joint declaration by Herr Schwarz-Schilling and by the telecommunications industry, which employs 100,000 workers, has annual sales of DM 14bn and exports 30 per cent of production. They said they favoured liberalisation of world telecommunications markets and standard technical regulations, but were not prepared to "go it alone" in opening up the German market.

The Minister added, however, that West Germany was prepared to enter mutually beneficial telecommunications deals with other European countries.

Although it is profitable and pumps funds into the Bonn government coffers, the Bundespost has financial headaches. The telecommunications service has to subsidise the heavily loss-making postal operation. Efforts

to prune the postal services raise a hue and cry, as evident from the reaction to plans to cut out early and late collections of mail from some post boxes. The Bundespost, meanwhile, is building up a mountain of debt, expected to reach DM 50bn this year.

The dilemma of the Bundespost, according to Mr Malcolm Ross, telecommunications expert of the Arthur D. Little consultancy, is that it is forced to operate within tight constraints. On the one hand, communications is a fast-growing industry needing heavy investment, but like all government agencies, the Bundespost is discouraged from taking risks. In addition, marketing has been weak as with other countries' postal authorities.

Makers of telecommunications equipment face some problems, partly because they have tended to lose some autonomy in product development and marketing in view of their dependence on the Bundespost.

"The expense of developing the next generation of telecommunications equipment has become so high that it is no longer viable to consider a national market," says Mr Ross. Already, Japanese and U.S. companies are "banging on the door" of West Germany, offering sharp price competition and advanced techniques.

Moreover, telecommunications is becoming increasingly enmeshed with office equipment and computerisation. Terminals such as personal computers are being only occasionally used to link with the telephone system and mostly for other purposes.

"The tail has grown bigger than the dog," as Mr Ross puts it. "The investment in a computer terminal or word processor is much bigger than the telecommunications investment, but still the dog is trying to control what the tail is doing."

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WEST GERMAN INDUSTRY 3

Strikes challenge competitiveness

Motor Industry

JOHN DAVIES

FOR A LONG while the road signs for the West German motor vehicle industry pointed to a bumpy road ahead. But few people really believed that motor manufacturers would find themselves careering off into a ditch.

The labour conflict which has disrupted and halted assembly lines will leave quite a few emotional scars among workers and managers.

The companies braced themselves for the prospect of trouble because they felt they needed to defend their cost structure and international competitiveness as much as possible in the face of trade union demands for a shorter working week.

After all, the West German motor industry, with its 780,000 workers, exported 57 per cent of the 4.17m cars and other vehicles produced within the country last year. It contributed about DM 73.8bn (\$27.3bn) to Germany's export earnings.

Trade union leaders, for their part, eventually built up such a momentum in their lengthy campaign in West Germany's metal industries that they faced little choice but to sweep their members along in a tactical and at times tortuous struggle.

The decision of the union, IG Metall, to call strikes at key vehicle component suppliers was followed within days by the disruption of production at various works, including major factories of BMW and Daimler-Benz.

The speed with which some vehicle manufacturers halted operations showed their close reliance on steady supplies from the component makers. But the strategy of keeping stocks as low as possible is one effort West German vehicle makers have adopted in recent years to improve their financial performance in a fiercely competitive business.

The labour troubles and their repercussions are not the only hallmark of the West German vehicle industry in what has been a shaping up in various ways as a fairly significant year.

Daimler-Benz, for instance, has made a major advance with the transformation of its Bremen plant into a second large-scale car production centre in addition to Sindelfingen near Stuttgart.

Ironically, though, the company originally planned to demonstrate the plant proudly to the world's Press at the very time that the industry's labour problems erupted.

With the aid of the Bremen works, Daimler-Benz had set a target of well over 4m cars this year after squeezing 476,180—an extra 3.9 per cent—out of its straining plants last year.

In the company's strategy, production of light commercial vehicles is being shifted away from Bremen to be concentrated in Düsseldorf.

Commercial vehicles, particularly buses and large trucks, remained.

The company's owners—descendants of the founder, Professor Ferdinand Porsche—recently took the decisive step of launching non-voting preference shares on the West German stock market.

Although the move was basically aimed at giving family members more flexibility in realising the wealth fate has thrust upon them, the stock exchange launch also gave the company DM 63m in cash through a capital increase. Porsche now has better room for manoeuvre in future fundraising.

At Volkswagen, which has been an ailing giant, this year began encouragingly with Dr Carl Hahn, the chief executive, reporting a turnaround to a group profit of DM 51m in the first quarter compared with a DM 100m loss a year earlier.

VW and its thriving Audi subsidiary sold 2.1m vehicles last year and had high hopes of boosting sales this year, des-

pite problems in Latin American markets.

VW's Golf, produced with a high degree of robot assembly, has made a big market impact in West Germany. The company has been preparing to start up its production, with the aid of German-imported robots, in the U.S.

Opel, the West German subsidiary of General Motors of the U.S., earlier this year announced plans to invest DM 7.4bn in a five-year programme of modernisation and vehicle improvement.

Last year, Ford's West German subsidiary indicated it planned a hefty investment outlay of DM 4.4bn over five years.

Before labour troubles began to bite, West Germany's vehicle production was running well ahead of last year, although the Automobile Industry Association (VDA) claims to have detected signs of slackening momentum once seasonal factors are taken into account.

Output of all types of vehicle was 9 per cent ahead of a year ago at 1.55m. But production of cars in April, hit as usual by holidays, was significantly down on the same month last year.

West German new car registrations gave rise to some worries in March, by showing a 7.1 per cent decline on a year earlier. In April, however, new registrations were 5.2 per cent up on a year ago.

New car registrations rose a healthy 12.6 per cent in West Germany last year, as the economy began to revive, and were up a further 4.9 per cent in the first four months of this year.

The Japanese, who slipped back in 1983 with only 9.8 per cent of the German market, rebounded to take 10.6 per cent last year and extend their share to 11.2 per cent in the four months to the end of April.

One of the most bitter aspects of this year's labour conflict is the repercussions abroad, where West German manufacturers have been making more headway, especially in the U.S. Vehicle exports in the first four months of this year reached 851,500, compared with just under 790,000 a year earlier.

One of the latest West German moves to exploit potential abroad is Daimler-Benz's decision to begin truck production in Turkey, in addition to its bus and diesel motor operations there.

Although total West German truck production abroad has been falling sharply, car output in foreign works has been growing steadily. On balance, 1.26m West German vehicles were produced abroad last year, an increase of 19.2 per cent.

WEST GERMAN MOTOR VEHICLE PRODUCTION (millions)

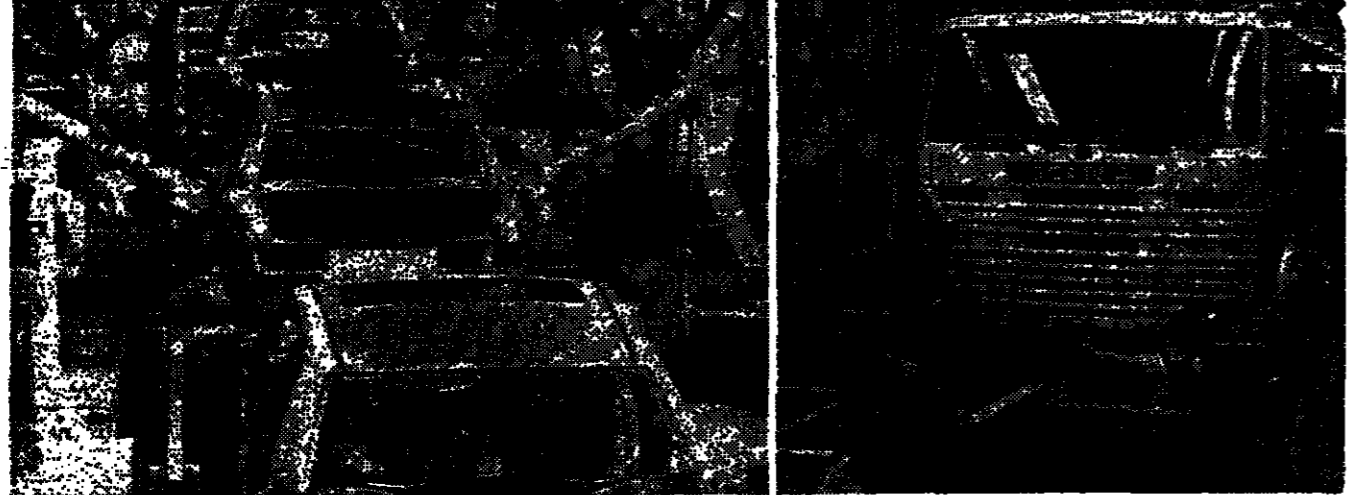
	1981	1982	1983
At factories within W. Germany			
Cars	3.58	3.76	3.88
Commercial vehicles	0.23	0.29	0.25
Total	3.81	4.05	4.13
At factories abroad			
Cars	0.89	0.93	1.15
Commercial vehicles	0.17	0.15	0.10
Total	1.06	1.08	1.25

Source: West German Automobile Industry Association (VDA)

WEST GERMAN MOTOR VEHICLE EXPORT MARKETS (Cars and commercial vehicles)

	1982		1983	
	Volume (thousands)	Per cent	Volume (thousands)	Per cent
EEC countries	1,427	59.5	1,426	60.0
Other Europe	471	19.7	458	20.0
Total Europe	1,898	79.2	1,884	80.0
North America	274	11.4	284	12.0
Latin America	9	0.4	7	—
Africa	68	2.8	55	2.0
Asia	127	5.7	125	5.0
Other (including Australia)	11	0.5	19	1.0
Total	2,387	100.0	2,369	100.0

Source: West German Automobile Industry Association (VDA)



Above: spot welding at Daimler-Benz and (right) trucks on the Scania production line

PROFILE: PETER SCHUTZ
Close scrutiny as U.S. nettle is grasped

HERR PETER SCHUTZ is facing a major test of his managerial skills and inescapably it is occurring more and more in the limelight of publicity.

As chief executive of Porsche, the West German sports car maker, Herr Schutz presides over a prestige company, with sales exceeding DM 2bn (\$746m) a year, in the glamour industry of luxury vehicles. But he has grasped a stinging nettle in trying to revamp Porsche's U.S. marketing network and is also running up against the problem of future production expansion.

Not only does he have the family shareholders looking over his shoulder, he faces much closer scrutiny from outsiders now that Porsche has taken the crucial step of launching shares—even though only in the form of non-voting preference shares—on the German stock market.

A penial frank-talking figure in his early 50s, Herr Schutz seemed in many ways made to measure for the top job at Porsche when he was brought in just over three years ago.

Born in Germany, he was taken to the U.S. as a child and has acquired an insight into both European and American ways of thinking—an obvious advantage to a company which sells nearly half of its output in the U.S.

After experience with U.S. companies, he moved to West Germany in 1978 to join the management board of Klöckner-Humboldt-Deutz



Peter Schutz: queuing up in the canteen

(KHD), the engineering concern.

His appearance at Porsche's headquarters in southern Germany ushered in a different style. His predecessor, Prof Ernst Fuhrmann, had held sway for eight years after the related Porsche and Pich families withdrew from day-to-day management. But Prof Fuhrmann met with dissatisfaction over the company's performance and model production, and was felt to be too dominant and too inde-

pendent.

Herr Schutz has been keen from the start to consult family shareholders, notably Dr Ferry Porsche, son of the company's founder.

To the workforce and the world at large, he immediately conveyed an image of disarming openness and camaraderie. There he was, for instance, pictured in the German press, queuing up with overalled car workers in a canteen to get his meal on a tray.

As well as applying his engineering know-how, Herr Schutz has taken a close interest in improving marketing and in enhancing the Porsche image as a combined car, plaything and status symbol.

His first real setback has occurred where perhaps least expected—in his dealings with Americans.

Porsche has decided to go it alone in U.S. distribution from the end of August, pulling out of a joint venture with Volkswagen's Audi subsidiary. But it has had to modify its plans because of a revolt by U.S. retail car dealers, who feared they faced less independence and more competition from proposed new Porsche branches.

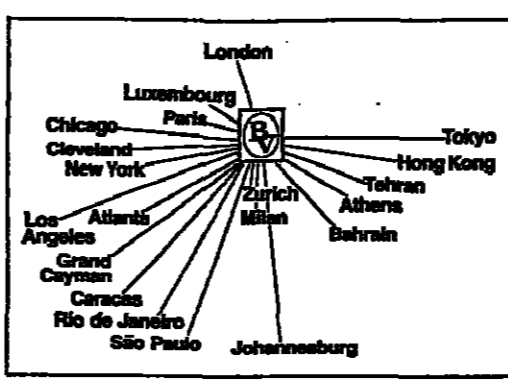
With capacity tight, Porsche is also struggling with the problem of expanding output in West Germany. This is made all the more complicated by the individual nature of each car.

Porsche gained a sizeable injection of capital, coinciding with the stock market launch earlier this year. Theoretically, it now also has access to a wider source of funds for future expansion, although family shareholders are determined not to sell voting shares to outsiders.

For Herr Schutz, the stock market launch is a mixed blessing. In a sense it strengthens the company and enhances its status. But the spotlight is on him even more and he has a lot of back-seat drivers.

John Davies

Bayerische Vereinsbank: '83 assets and profits up, another successful year.



Bayerische Vereinsbank Group 1983 at yearend 1982

	1983	1982
Total Assets	113 530	105 548
Deposits		
Banking Sector	41 943	38 972
Loans		
Banking Sector	29 625	27 831
Bonds Issued		
Mortgage Sector	64 737	60 143
Loans		
Mortgage Sector	65 056	61 033
Capital Resources	2 459	2 398
Consolidated Profit	131	116
		(in millions of DM)
Staff	12 979	12 641
Branches	472	471
BV's Dividend per 50 DM share	11 DM	10 DM

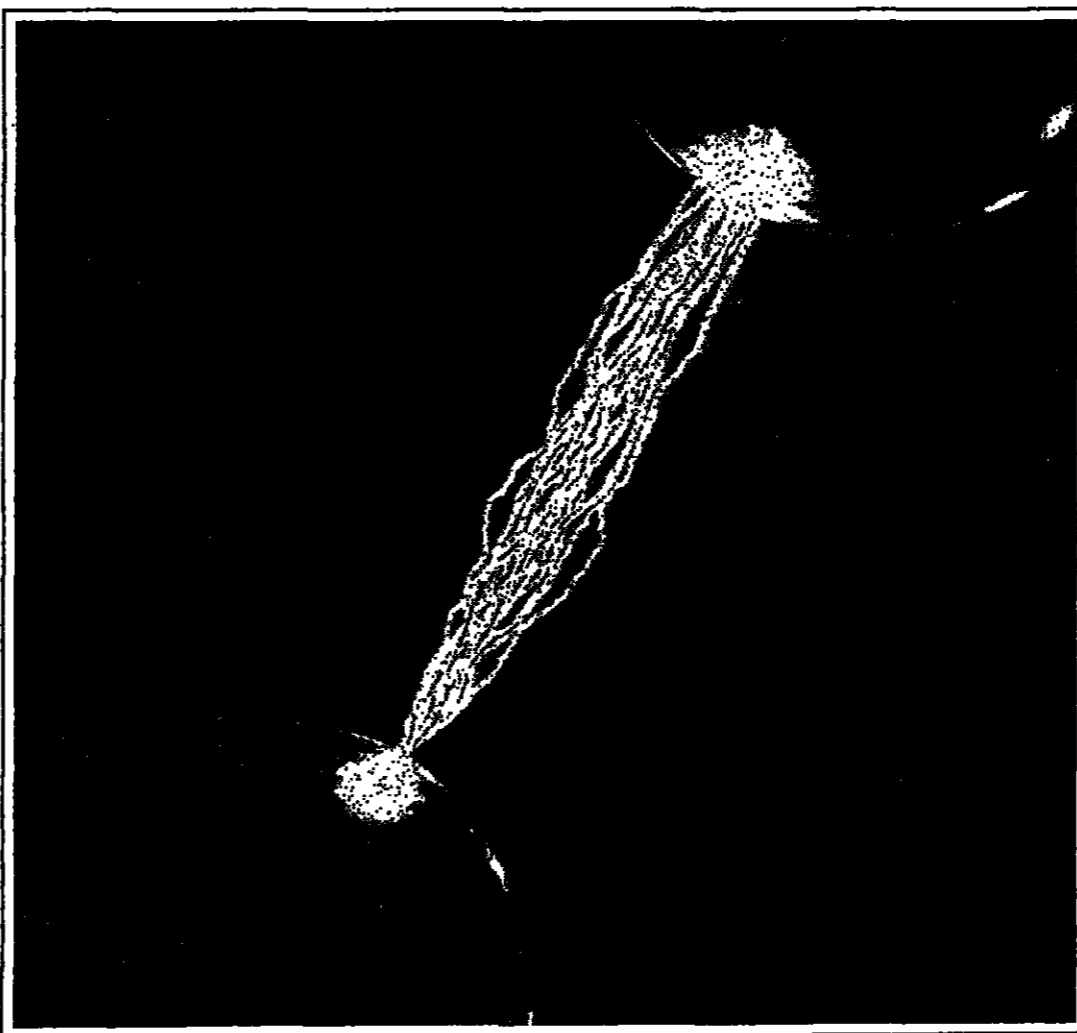
Bayerische Vereinsbank continues successful performance in 1983.

With consolidated assets of over DM 113.5 billion, Bayerische Vereinsbank is one of the four largest banks in the Federal Republic of Germany.

Should you be interested in more detailed information about BV's 1983 results, we shall be pleased to provide you with our Annual Report in English, German or French.

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WestLB

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Westdeutsche Landesbank
A strong force in wholesale banking

WEST GERMAN INDUSTRY 4

IV

Good morning, Gentlemen.

May we introduce ourselves? Coutinho, Caro & Co. Hamburg. Specialty: worldwide industrial plant construction. With 1,908 employees of virtually every nationality and profession: engineers, lawyers, financial experts, and commercial people. All of them are planners and achievers. With 88 years of international company history to be proud of. With the best of business relationships in all countries, from all countries, and between all countries. And since 1968 alone, with more than 100 large turnkey projects completed.

We have acquired domestic experience in almost every foreign country. And from almost every domestic branch we have extended

relationships overseas. We have planned, built, and delivered on schedule in every conceivable climatic, economic, and political situation. No situation is strange to us; being flexible is least strange of all.

Whenever we assume responsibility for the construction of an entire project - with all the preliminary work - we do it our way. So we prepare the forecasts of demand and sales, optimize the plant dimensions, do cost calculations, assist in the acquisition of the financing, procure building materials, organize the workforce, buy machines and erect them. On request, we give training to future employees and manage operations until all runs well without our help.

(We wouldn't leave beforehand, in any case.)

We render the same professional performance in less demanding situations. Do you need vessels, machinery or equipment?

Or are you searching only for knowledge? Or for reliable construction supervision services? Perhaps you have come to us for assistance with another company already under contract with you? Perhaps you are such a company and also searching for a partner with the requisite knowledge? We are ready to accomplish any (almost) task as a team. And large enough to handle small assignments as well. With a commitment of our entire experience and energy.

If you would like to find out about us, the easiest way besides contacting us directly, is by talking with the management of companies for whom we have built a plant. They will gladly provide information at any time. Of course, we will, too.

Selection of projects experience. Ask the man, who runs one!

Breweries	Cocoa Products	Olapele/Bendel State	20,000 tons/year	100,000 tons/year
Nigeria	Nigeria	450,000 tons/year	Thailand	South Korea
Golden Guinea	Ile Oluji Cocoa	Indonesia	Bangkok Glass	Donghae Pulp
Breweries Ltd.	Processing Co. Ltd.	P.T. Semen Tonasa	Industry Ltd.,	Company Ltd.
Umuahia/Imo State	Ile Olaji/Ondo State	Fransroy/S. Sulawesi	Bangkok	Onsan
600,000 hl/year	30,000 tons/year	510,000 tons/year	45,000 tons/year	90,000 tons/year
Sugar Ware-	Ceramic Plants	Container	Pulp and	Pepper Mills
houses and	Pakistan	Nigeria	Indonesia	East Java
Centreflex	Suit Ceramics	West African Glass	F.N. Leijes	Preddalingo/
Iraq	Co. Ltd.	Factory Ltd.,	East Java	East Java
State Organisation	Shidal/NWFP	Port Harourt/	Rivers State	Zambia
for Food Industries	220,000 m ³ /year	Rivers State	75,000 tons/year	Kapiri Glass
Um Qsar	Cement Plants	Nigeria	Olapele Cement	Company Ltd.
100,000 tons	Olapele Cement	Company Ltd.	Company Ltd.	
Storage Capacity				

INUC/CC-4183

Ask the people at CCC. They know how to do it.



COUTINHO CARO & CO

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Kreditanstalt für Wiederaufbau

Highlights from the Balance Sheet as at December 31, 1983

Assets	DM million	Liabilities	DM million
Cash Reserves and Balances with Banks	1,051	Banking Liabilities	56,273
Securities	1,804	Promissory notes	950
Loans	60,823	Bonds	3,760
Participations	176	Provisions	165
Real estates and buildings	21	Capital	1,000
Unpaid Capital	850	Reserves	1,891
Loans on a trust basis	7,197	Loans on a trust basis	7,197
Other Assets	822	Other Liabilities	1,508
Total Assets	72,744	Total Liabilities	72,744

We shall be pleased to send you on request a copy of the Annual Report for 1983 together with a summary of Kreditanstalt's activities.

KfW Kreditanstalt für Wiederaufbau

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Selling hard against Japan

Engineering

JONATHAN CARR

WEST GERMANY'S mechanical engineering association (VDMA) has just opened an office in Tokyo, only the second office the association so far has established abroad.

The first is in Brussels, heart of the European Community, which alone takes nearly 40 per cent of Germany's mechanical engineering exports. It is hoped that the new one will help companies penetrate the tough domestic market of what has become German engineering's most vital competitor—Japan.

While the West Germans still have the second biggest share of the world engineering export market, after the U.S., the Japanese have been catching up fast over the last decade. The Japanese are also taking a growing, though still relatively small, share of the German domestic market itself. While German engineering companies increased their exports to Japan last year by just 1 per cent to DM 1.6bn (\$370m), the Japanese raised their deliveries to Germany by no less than 35 per cent to DM 2.1bn. The resulting German bilateral deficit of more than DM 1bn was nearly twice as big as the one in 1982.

Much the biggest reason for Japan's success was that it boosted its exports to Germany of office and information equipment by more than 62 per cent so that this sector alone now accounts for over half of Japanese "mechanical" engineering deliveries to the German market.

It may seem odd to class office and information equipment as "mechanical" at all, but then the advances of electronics into traditional production sectors is making it ever harder to make a clear distinction between "electrical" and "mechanical" engineering.

The Germans feel that at least part of the reason for that 62 per cent rise was that the Japanese have been guilty of dumping—hence the recent anti-dumping complaint made to the European Commission in Brussels by German (and other European) office equipment makers.

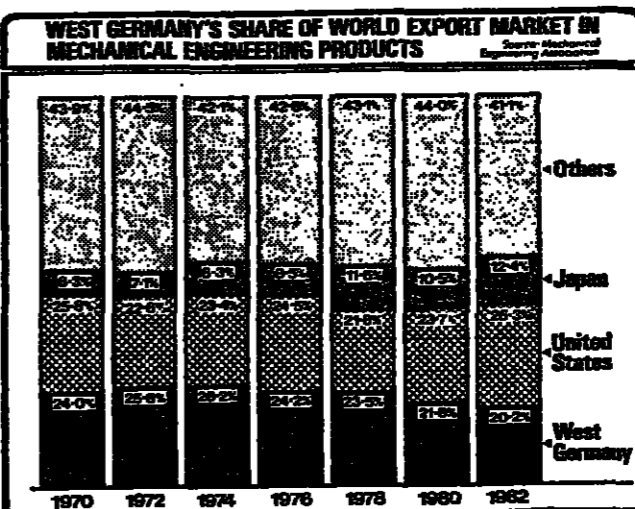
Another part of the cause could be that the Germans have simply fallen behind in this field, as they have in several key electronics sectors against both the Americans and the Japanese. There is something in this explanation, though it does not mean that the German office and information equipment sector is down and out for the count.

The sector achieved production growth last year of 18 per cent, more than almost all other sectors of mechanical engineering, and exports too rose by 19 per cent to DM 8.6bn. But imports increased more quickly still.

This concentration on the "Japanese challenge" might seem excessive. After all, the "power house" of the German economy, as the mechanical engineering sector is often called, last year exported goods



Building railway engines in Essen—heavy engineering is Germany's "power house"



worth DM 73.6bn while imported engineering goods were worth just DM 27.8bn.

The resulting trade surplus of DM 46bn for the sector was bigger than the surplus West Germany achieved in its entire visible trade transactions in 1983. The Germans still have the biggest export market shares in a wide range of engineering products from rubber and plastics processing machinery (a 35 per cent share) to textile machinery and weighing equipment (30 per cent each).

Nor is it as though no German companies have been able to notch up striking successes in Japan. For example, Biedelberger Druckmaschinen, a manufacturer of printing machinery, has been able to sell more on the Japanese market itself than has any Japanese competitor.

The Germans still pride themselves on having a bigger range of engineering products on offer than any world competitor. They have made quick progress over the past few years (after a slow start) in applying electronics to products and production methods. And they are almost certainly in the lead when it comes to tailoring their goods to suit individual customer needs.

But the latter benefit also

makes the German products expensive. As Dr Otto Schele, president of the VDMA, points out: "If today we have to accept the position of number two on world markets more often than we would like, in 90 per cent of these cases it is because we have lost out to the competition on price, not on technology."

That point about price applies in a special way to Germany's industrial plant makers, who have suffered two years of disastrous slump caused above all by a collapse of foreign demand. Orders which totalled about DM 25bn in 1981 fell to DM 20.2bn in 1982—and then plunged by a further 20 per cent to DM 14.2bn last year.

On the face of it industrial plant sales look far more healthy, rising by 10 per cent to more than DM 20bn in 1983 and likely to increase at a similar rate this year too. But because of the long project duration in the plant business, that sales boost only reflects the buoyant demand of many years earlier.

The more recent setback in orders partly reflects the debt problems of the developing world. But orders from the state trading nations are down sharply too—to only DM 925m from DM 2.7bn in 1982. These countries now account for only

a 10 per cent share of foreign orders placed with German plant makers, compared with a 25 per cent share in the late 1970s.

The Germans complain that ever more intense international competition is bringing worsening order terms, mounting risks and severe pressure on profit margins. Above all, they stress that non-German firms often benefit from more favourable, state-backed export credit terms which give a decided price advantage.

The German manufacturers have long begged, with little success, for a more generous policy from Hermes, the Federal Republic's own export credit insurance company.

Indeed, Hermes' fees have been raised on decision of the Bonn government from April this year. The action may increase the trend for German companies to work through subsidiaries in countries abroad, where they can be sure of winning export credit benefits they cannot obtain at home.

Apart from the special difficulties of the plant makers, Germany's mechanical engineers face a potential problem with the structure of their export business. At present nearly 70 per cent of their foreign deliveries go to the major industrialised countries, less than 4 per cent to the states of the Pacific basin region.

For the moment this benefits the Germans, in view of the current economic upswing which has been led by the United States and which is spreading to Germany's key customer countries in Europe. But in the longer run the markets of the Pacific and South-East Asian states look set to offer rates of growth well above the average. The Japanese and the Americans are well placed to take advantage of the increasing demand, the Germans much less so. The opening of that VDMA office in Tokyo marks one small step by the Germans towards boosting their share of the Asian and Pacific market. But a lot more needs to be done if the German engineers are to keep their status as the world Number Two, with the Japanese snapping at their heels.

Modest optimism after the closures

Steel

JAMES BUCHANAN

GERMAN STEELMAKERS are a gloomy bunch on the whole but this year they are a little more optimistic in their outlook for Europe's largest steel industry—but for a set of reasons quite unrelated to the threadbare free market principles to which they still cling.

The reasons are these:
● The federal government in Bonn is making available up to DM 3bn (\$1.1bn) in aid to the strapped companies to help cover the cost of laying off workers and modernising plant.
● The European Community agreed in January to extend until the end of next year the system of price and production controls which has maintained a medium of order in the market.

● Kloeckner-Werke, the maverick producer which has not conformed to its quotas and is now negotiating with the European Commission and the Eurorfer and West German producers' clubs for a return to the production system. With a bit of application, the German producers could then bury their considerable personal animosities and form a united front in Europe.

Across this mood of modest optimism falls the shadow of the strike called by the IG Metall engineering union in support of a shorter working week. Although IG Metall is most unlikely to seek strike action in the battered steel industry, as occurred with only moderate success in the winter of 1978-79, shortages affecting such important customers as the motor industry will work through to steel companies in a matter of weeks.

Despite this threat, the producers' club in Düsseldorf reckons that production this year will be 38m tonnes of



Working with hot billets at Krupp

crude steel, compared with 35.7m tonnes in 1983, while the Westdeutsche Landesbank and some companies go even higher. Because of the closures and lay-offs of the past three years, notably at Krupp and Hoesch, production and capacity are moving closer into line. This should improve profitability after last year's losses of about DM 2bn, provided that the last round of price increases, on April 1, continues to hold.

The companies desperately need a breathing space to consolidate their financial base after ten years of attrition. Ironically it is Hoesch—at the end of the 1970s thought ripe for bankruptcy—that is most self-confident after its slimming cure. The Dortmund company is planning a rights issue later this year, a step that Thyssen has not yet dared take. Krupp Stahl, Kloeckner-Werke and the Saarland indus-

try now known as Arbed-Saarstahl, are heavily burdened with debt. Herr Herbert Glenow of Kloeckner-Werke continues to surprise the industry with his agility in raising funds, most recently through issues of convertible loan stock backed by CRA of Australia, which has an interest in Kloeckner processes.

However, it is unlikely that Kloeckner will be accepted back into the fold without slumping up at least the first DM 50m in fines imposed by the European Commission for overstepping quotas at the Kloeckner mill in Bremen. Arbed-Saarstahl, which has to be sustained by regular transfusions of cash from Bonn, is fortunate in the timing of a state election next year.

The fruitless discussion of merger plans in 1982-83 has left deep wounds although the producers are talking more readily to one another, at least over exchanges of quotas to suit

their production programme. Even Thyssen has not been spared bitter recrimination and an extraordinary intrigue against Herr Dieter Spethmann, its chief executive, after the company's dividend was dropped, surfaced in public at the annual meeting of the company in March. Herr Spethmann seems to have routed his foes and can now concentrate on rationalisation which will account for the majority of the 21,000 jobs expected to disappear in the 168,000-strong industry by the end of 1985.

That is also the deadline for the last subsidies in the European industry but is most unlikely to be met and France is already proposing an extension of the crisis system into 1987. The hand-to-mouth existence of the German industry looks unlikely to disappear for some time.

WEST GERMAN INDUSTRY 5

Set for moderate growth

Chemicals

JOHN DAVIES

AFTER AN exceptionally rapid recovery last year, West Germany's chemical industry has set its sights on more moderate growth this year.

Although some notes of caution have been sounded about the future, chemical companies have been looking forward to further healthy financial results.

The chemical industry—one of the traditional mainstays of the West German economy, with well over half a million workers—was in the forefront of the country's tentative revival from recession last year.

Initially, the chief stimulus came from the domestic market, as car manufacturers and home builders placed more orders for chemical and plastic products. Exports then gathered pace, with sales especially strong in North America, Asia and some West European countries.

The volume of chemical production, which slipped about 4.8 per cent in 1982, rebounded 7.3 per cent last year. Commodity plastics, long a problem area, were among those products which showed above-average growth.

Sales revenue of chemical plants in West Germany increased by 7.6 per cent to DM 126.8bn (\$47bn), with the rise brought about almost entirely by the extra volume of sales rather than price increases.

Chemical exports rose 10.3 per cent to DM 61.3bn, but chemical imports also rose—by 9.2 per cent to DM 34.7bn—to take a record 34 per cent of the West German market. Imports from the U.S. and Eastern Europe declined, but there was an above-average increase in imports from other European countries and members of the Organisation of Petroleum Exporting Countries (Opec).

The rapid increase in chemical production raised capacity utilisation to an average of more than 80 per cent. The better use of capacity, along with structural improvements introduced in recent years, meant that profits rose faster than sales revenue in many companies—including the "big three": BASF, Bayer and Hoechst.

The industry's strong performance has continued this year, with capacity utilisation further improving. Sales revenue in the first quarter is estimated by the Chemical Industry Association (VCI) to have been about 15 per cent ahead of the same period last year.



Bridge on the River Main at the Hoechst plant

Looking ahead, Prof Rolf Sammet, chief executive of Hoechst, recently raised the prospect of "weakening tendencies" for the chemical industry in the third quarter. He believed that the fourth quarter would show whether this turned out to be a seasonal "summer slack" or whether a business peak had passed.

Although Hoechst is hoping to increase its already considerable earnings of 1983, Prof Sammet made clear that second-half earnings would probably not be as good as in the first half.

Prof Herbert Grinewald, Bayer's chief executive, remarked that business was unusually strong in the summer months last year and it would not be surprising if a normal seasonal decline occurred this year.

Dr Hans Albers, BASF's

pean producers on their home ground and in export markets. This would occur not only with commodity plastics, he said, but also with other chemicals, such as ammonia and methanol.

In Saudi Arabia, he pointed out, one major plant would come on stream at the end of this year and another a year later. Much of the output could find its way to Europe.

European plastics manufacturers could face this intense competition only if they first put their own business in order, he said. They had to continue efforts to restore the commodity plastics area to health, by matching capacity to the likely future market and by giving more attention to products of high technical quality.

The West Germans have also run into problems with foreign competition in fertiliser production. Hoechst, for instance, is phasing out certain fertiliser operations from some works.

The industry argues that the competition is largely unfair, claiming that foreign producers, notably in the Netherlands, benefit from subsidised energy prices.

Broadly, the West German chemical industry remains confident of maintaining a powerful position in world markets, backed by its research efforts.

The industry spent DM 6.4bn on research and development last year. About 53,000 people—10 per cent of the workforce—were employed in these activities.

Although there has been much controversy about a gap in biotechnology research compared with some other countries, the West German industry points to its increasing involvement in this field. Major companies have developed links with outside research institutes in Europe and the U.S.

Prof Heinz-Gerhard Franke, president of the Chemical Industry Association, recently predicted a wave of innovation in the world economy in the next one to two decades. Many inventions now being tested in laboratories would be applied in industrial practice and he had no doubt that biotechnology would be a major area of innovation.

PROFILE: HEINZ NIXDORF

Vision of the computer's possibilities

FOR HEINZ NIXDORF—often called "Germany's computer King"—the sky's the limit. Despite the rocketing pace of development in micro-electronics, he feels the real potential of the sector has hardly begun to be tapped. As for computers as job-killers, Nixdorf pools the very ideal. For him computers are a means of release from routine and bureaucracy so that truly productive work becomes possible.

To hear Nixdorf talk excitedly about the future with a visionary gleam in his eye, you might be forgiven for wondering whether he had enough time to run a business. Yet this is the man who, at 55, has built up from scratch what is by far Germany's most successful computer enterprise (admittedly, sceptics will say, he has not had very many really profitable domestic rivals).

Turnover has been increasing by about 30 per cent annually and will exceed the DM 3bn (\$1.1bn) mark this year. Profits have kept pace and the workforce (as though to underline Nixdorf's point about job-killers) has been expanding by leaps and bounds and now totals over 18,000.

As 20 per cent of Nixdorf stock for the first time goes on sale to the public this month and next, one thing is certain. The shares will be gobbled up almost irrespective of price—and of the fact that shareholders will have no voting rights through which they could influence company policy. But as one Frankfurt banker put it with only a trace of irony: "Why should shareholders want to change things when Nixdorf's has been a maximum success story for years?"

Heinz Nixdorf thought long and hard before agreeing to a public share issue, even one which still leaves him policy freedom and his family a clear majority holding. A few years ago he turned down advances from Volkswagen, because the



Heinz Nixdorf: a success story for years

vehicle maker wanted a stake which would give it a decisive say in the Nixdorf company's strategy.

He might not even have "gone public" now had it not been for the steady encouragement of Deutsche Bank. The bank took a 25 per cent stake in Nixdorf in 1979, and is now in the process of giving up all its shares—acting as a "midwife" in the protracted birth of this stock market newcomer.

Nixdorf's caution is that of the self-made man who has been brilliantly successful in swimming against the tide of conventional wisdom. The son of a railway clerk and the eldest of five children he broke off from his studies at Frankfurt University in the

and become independent of single large suppliers and customers.

When most of the big manufacturers, like IBM, were encouraging customers to take advantage of ever-larger, centralised computers, Nixdorf stressed the advantage of smaller units tailored to individual needs. Thus in the early 1970s Nixdorf was carving a market niche where IBM was not at its strongest—was being its success by offering a comprehensive instruction, service and maintenance backup.

Nixdorf has moved on a lot since then and in some fields is now in direct competition with IBM. It is the biggest supplier to the European banking market (of cash dispensers, automatic teller systems and the like) and is the leading foreign computer company in the United States market (which still leaves Nixdorf pretty small there by U.S. standards).

Through all its development the accent remains firmly on the individual customer's needs and a top standard of software. Roughly two-thirds of the Nixdorf labour force is in sales and service, one-third in manufacturing.

Despite his wealth and success, Heinz Nixdorf still lives quite simply in Paderborn and has little in his instinct for self-criticism nor his ability to surprise. He has built up a young and able management team, but he does not even dream of early retirement. To him the future offers far too many fascinating opportunities.

He expects the company to double sales revenue and to create nearly 10,000 new jobs over the next four years. Not least it will be taking on the Japanese on their own doorstep in South-East Asia. Exaggerated optimism? Nixdorf has been right before. German industry could do with more like him.

Jonathan Carr

Water, water, everywhere...



Drinking water is a vital commodity in short supply throughout many regions of the world. Yet a vast reservoir exists in the form of sea-water, which covers 70.8% of our planet's surface. If just 1% of the oceans were desalinated and purified, man's thirst would be quenched for the next 1,000 years.

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WEST GERMAN INDUSTRY 6

A leading export sector

Construction
IAN RODGER

LEADERS OF the West German construction equipment manufacturing industry are still upset about the bad publicity arising from the collapse late last year of the IBH Holdings group.

Understandably so. IBH was only a relatively small part of a huge industry (DM 8bn sales in 1983) that remains a world leader in many specialised sectors. In the earthmoving sector alone, the total output last year of all the German companies was worth about DM 1.75bn, of which the IBH West German subsidiaries accounted for less than a third.

Moreover, all of the former IBH West German subsidiaries

are still operating, and most appear to have secure futures under new ownership.

Hanomag, the excavator and wheeled loader manufacturer, was the largest of the former IBH subsidiaries and the most difficult to set on a new course, probably in part because of its unenviable record of having had three owners—Thyssen, Massey-Ferguson and IBH—in the past decade. Last month, it was taken over by the Papenburg-Gassmann group, which has interests in civil engineering and construction equipment distribution.

The other former IBH subsidiaries, including Zettelmeyer, the wheeled loader maker, Duomat, the manufacturer of plate compactors, Hamm, the maker of rollers and Lanz, a loader manufacturer, have found new owners and are trading normally. That leaves only Wibau, the

IBH associate which makes paving equipment, in an uncertain state. It is in bankruptcy but is still manufacturing spare parts and the occasional machine.

"The IBH fall is not typical of our industry," says Mr Udo Köstlin, managing director of the Association of German Construction Equipment and Building Material Machines Manufacturers. "In the last 10 years, only eight other companies have stopped production or gone into bankruptcy and their combined turnover was under DM 100m."

Apart from IBH, the West German construction equipment industry is indeed one of the country's great success stories of the past 20 years, becoming a leading export industry. In 1983, exports accounted for about 40 per cent of output, and four fifths of exports were

in neighbouring West European markets. Many analysts worried that the fragmented structure of the industry would leave it increasingly uncompetitive in world markets. As Mr Köstlin points out, Caterpillar Tractor of the U.S. is bigger than the entire West German earthmoving equipment sector.

Today, the industry is still fragmented—with more than 250 manufacturers—but exports account for over three quarters of a much larger output, and West European markets take less than half the total export sales.

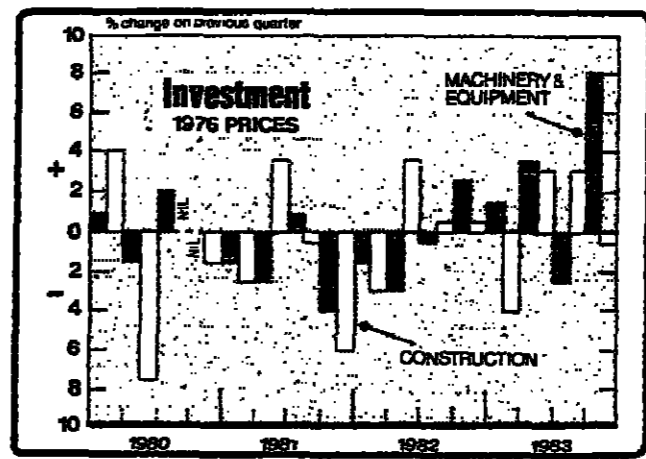
Imports range in value from DM 1bn to DM 1.5bn a year depending on the strength of the home market, and most of them come from foreign subsidiaries of German companies or from low-cost East European producers. So far, no deteriorating trend has been detected, nor have the Japanese manu-

facturers made much headway in the West German market, except in very small—2 to 5 tonnes—hydraulic excavators.

The key to this success story is the market awareness of West German manufacturers and their willingness from an early stage to think in world terms. By chance, one of the industry's leaders, Orenstein and Koppel, was a pioneer in international marketing, selling steam shovels and other earthmoving equipment around the world in the late 19th century for railway construction.

West Germany still claims to be the second largest producer of excavators after Japan, and third in all earthmoving equipment after the U.S. and Japan. German manufacturers are clear world leaders in many other types of specialised equipment. For example, they account for 80 per cent of world sales of concrete pumps and have leading positions in small articulated wheeled loaders, vibratory rollers and tower cranes.

Although most German manufacturers are large by or Japanese standards, they



have developed a strong industry association and used it effectively. "An association is as good as an industry will allow," Mr Köstlin says. His association has a staff of 13 compared with the British equivalent which has only two full-time officials.

The GFBB does intensive studies of five to 10 foreign markets each year on behalf of its members and regularly

arranges supplements in foreign newspapers to promote members' products. It also examines product and economic trends for its members and suggests strategies.

"We are proud that we started the export strategy at the right time," Mr Köstlin says.

His concern now is that the industry should make greater profits and lower its costs to

remain competitive. He is still convinced that it is appropriate to have a lot of small specialist manufacturers rather than promoting mergers. The only consequence of the IBH experiment, he suggests, is a lot of short-term unemployment.

"But there should be more cooperation between companies on overseas sales and service. For example, it would make sense for concrete block machine makers to cooperate with concrete pump makers."

Even without the IBH collapse, last year would have been difficult for the West German construction equipment industry as a whole. Turnover was down 9 per cent from 1982 to DM 8bn and production remained depressed at DM 6.3bn as producers scrambled to reduce stocks.

Most of this decline was in export markets, as the home market continued the recovery that began in the fourth quarter of 1982. That recovery has now stabilised while the outlook for most foreign markets looks flat, so the industry is not looking for much, if any, growth this year.

DGZ 1983 – A Successful Year of Wholesale Banking.

Deutsche Girozentrale - Deutsche Kommunalbank - (DGZ) has once again achieved good results in 1983. Total assets increased by DM 1.4 billion (= 5.1%) to over DM 29 billion. Income from interest differentials and commissions improved considerably.

The Bank continued to strengthen its position in international wholesale banking—specializing in syndications of public issues and private placements. DGZ offers a broad range of Eurofinancing capabilities as well as foreign exchange and money market services through a full-service branch and a wholly-owned subsidiary, both in Luxembourg.

Financial Highlights 1983	DM million
Balance Sheet Total	29,272
Due from Credit Institutions	9,881
Debtures and Bonds	4,688
Receivable from Non-Bank Clients	13,323
Fixed Assets	135
Deposits from Credit Institutions	9,613
Deposits from Non-Bank Clients	1,015
Own Debtures in Circulation	16,990
Capital and Published Reserves	505
Net Profit	24



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PROFILE: GUNTER NEUVIANS

Strategy of co-operation to compete

THE PERFORMANCE of Orenstein and Koppel, the leading construction equipment and escalator manufacturer, in the past four years has had a less than typical German appearance.

The group plunged into loss in 1982. Production of hydraulic excavators, its main product, dropped from nearly 3,000 in 1979 to 1,500 in 1982. New management was brought in, the workforce was cut from 10,000 to under 6,000 and a major factory was closed. Production and sales have since recovered, and the group returned to a small DM 6.5m profit last year.

Feder, O & K founder and former CEO, has since played a major role in the expected rationalisation of the European and U.S. construction equipment industries.

The man responsible for a lot of the change is Dr Günter Neuvians, a 45-year-old engineer and former corporate planner with Mannesmann Demag. Dr Neuvians was hired two years ago to be the O & K head in charge of the construction equipment division which accounts for about two-thirds of the group's DM 1.8bn turnover.

Despite the recovery to date, he foresees "a continuous process of rationalisation" to remain competitive. He is also convinced that O & K must make co-operative arrangements with other manufacturers.



Günter Neuvians: process of rationalisation

"The strategy of a winner in this industry today must be to co-operate with others," he says. "We can't all be Caterpillars and Komatsu (the giant U.S. and Japanese industry leaders) but we can try and be like them."

"If you look at the construction equipment industry as a worldwide business, then you have to be active in the main product ranges. We think a potential partner for us should be strong in sales... and marketing outside Europe and should have product lines other than excavators," Dr Neuvians says.

There has been some uncertainty about whether or not

O & K would contemplate exchanging equity with a potential partner, but Dr Neuvians says the group is "open to every form of co-operation."

On the other hand, he points out that the Hoesch steel group, which holds just under 50 per cent of O & K's shares, has recently shown its continuing interest in the construction equipment sector by trying to buy a major stake in FFB-Wessertitz (FWB), the Cologne earthmoving machinery group.

Until last month, Dr Neuvians' most active discussions were with Hanomag, the West German wheeled loader,

dozer and excavator manufacturer that went into bankruptcy after the collapse of the IBH group last year.

O & K very much wanted Hanomag, the West German market leader in loaders and an established international competitor, but negotiations dragged on and in the end it did not make financial sense. "The value of the company declined from day to day," Dr Neuvians says.

The other discussions known to be under way are with Volvo BM of Sweden. O & K has been distributing Volvo's big loaders and dump trucks in West Germany, Austria and Switzerland since the middle of 1982. The deal has worked out well for both.

"We are talking about an extension of that co-operation," Dr Neuvians says. Meanwhile, Volvo BM is negotiating a merger with the construction machinery division of Clark Equipment of the U.S. Both Volvo and Clark have said they would like to make some form of arrangement with an excavator manufacturer, and O & K would seem an ideal choice.

Dr Neuvians acknowledges that it would make sense for O & K to join forces with Clark and Volvo BM, but refuses to be more specific. "Clark and Volvo aren't the only companies looking for partners."

Ian Rodger

Facing the Japanese advance

Electrical
industry

JONATHAN CAIR

THE ELECTRICALS industry is emerging considerably changed and a good bit wiser from the trauma of recession. The "dog years" cruelly exposed weaknesses in the sector in West Germany but they also acted as a spur to new efforts to face ever-tougher international competition, above all from the U.S. and Japan.

The industry is not just important in its own right, with (in 1983) more than 900,000 employees, turnover of DM 123bn (\$45.5bn) and exports worth DM 51bn. Its ability to keep among the very front runners internationally is crucial for virtually all branches of industry, striving to compete with high-technology, top-value goods.

One of the headline news of the last two or three years seemed to show the Germans were losing the race, especially in the consumer electronics sector. Grundig, a company so closely identified with the "economic miracle" of the 1950s, is merging with Philips of Holland to try to hold off the advance of the Japanese giant.

Telefunken, another household name in the video and audio business, has been wholly taken over by Thomson of France. Worst of all, AEG-Telefunken, one of the country's biggest electrical concerns, had to seek court protection from its creditors in 1982 after battling unsuccessfully with a mountain of debt.

Nonetheless, the mood in the industry in mid-1984 is more buoyant than you might expect. The main reason is that with the economic recovery gathering pace at home, and with exports stronger too, the electricals branch can expect about 4 per cent production growth in real terms this year, after three years of near-stagnation or contraction.

Above all, the economic upturn is bringing growing demand for electrical investment goods, a sector where the Germans are especially strong. Among other things, that will help consolidate the recovery of AEG, more than half of whose turnover is on the capital goods side.

Last year after going through a drastic slimming operation the workforce to 75,000 compared with 124,000 at the end of 1981), AEG at least pulled



itself out of the red and is likely to show a bigger profit in 1984.

Despite those encouraging signs, the key question is whether the Germans can compete in the new, fast-growing sector of micro-electronics as well as in traditional business,

not just in foreign markets but at home. The electrical industry's association, the ZVEI, recently forecast that the domestic electricals market would grow at a rate of about 4 per cent annually in real terms to 1990.

Above average growth rates

TOP GERMAN ELECTRICAL CONCERNS

Company	Year ending (DMbn)	% change on previous year	Sales previous year	% change on previous year	
					Employees
Siemens	Sept 83	39.5	+ 2	312,000	- 3
Robert Bosch	Dec 82	12.5	+ 6.7	112,900	- 3.2
AEG	Dec 82	11.5	- 1	76,500	- 1.2
IBM-Deutschland	Dec 82	10.3	+15.2	27,900	- 1.2

Whatever the success of Siemens, a lot will depend on how far it also produces a spread of smaller, high-technology businesses quick to spot market niches left by the industry's giants. Over the past decade or so the country has hardly been famed for dynamic entrepreneurs in the high-tech field. The case of the Nixdorf computer concern is the exception which proves the rule.

potential entrepreneurs complained they could not raise money out of the banks to start up companies in fast-growing fields such as data-processing or communications technology. The banks argued (among other things) that it was not their job to re-invest clients' funds in new enterprises whose viability was doubtful.

In other words, the busi-

ness of the German banks was not the risk capital business—part at least from a long-term effort by a consortium of more than a score of credit institutes to enter the field in 1975.

Over the last year or more things have begun to change, not least because of the growing recognition that the fostering of "high tech" is vital to the country's future.

Venture capital outfits have begun to emerge, partly with the backing of the banks, which go some way to meet those entrepreneurial complaints about the lack of funds. Three alone have been established in Berlin within

the last 12 months; but the biggest, and in some ways most interesting, is to be set up so far in the Munich-based Techno Venture Management (TV).

The most striking thing about TV is that it has Siemens, the country's biggest electrical concern, as a 25 per cent shareholder—along with the Munich investment management group of Munich and T.A. Associates of Boston (which also have 25 per cent each). Siemens is among those contributing to TV's first investment pool of DM 120m, but just as

CONTINUED ON NEXT PAGE

MUNICH EXHIBITION CENTRE

THE MOST IMPORTANT DATES 1984/85

ISPO - Autumn*
21st International Sports Equipment Fair
6-9 September

IKOFA*
15th International Trade Fair of the Food Industry
21-24 September

50th MODE-WOCHEN MÜNCHEN*
International Fashion Fair
7-10 October

ELECTRONICA
11th International Trade Fair for Components and Assemblies in Electronics
13-17 November

DATES 1985

INHORGENTA MÜNCHEN*
12th International Trade Fair for Watches, Clocks, Jewellery, Precious Stones and Silverware with their Manufacturing Equipment
1-5 February

ISPO - Spring*
22nd International Sports Equipment Fair
21-24 February

IHM
37th International Light Industries and Handicrafts Fair
The Fair for Small and Medium-Sized Enterprises
2-17 March

51st MWM MODE-WOCHEN MÜNCHEN*
International Fashion Fair
24-27 March

INTERBRAU
World Fair for Beverage Technology
3-10 May

COSMETICS*
6th International Trade Fair for Cosmetics, Health and Beauty Care with Accessories
Product - Technology - Distribution
31 May - 2 June

LASER OPTO-ELEKTRONIK
7th International Congress and International Trade Fair
1-5 July

ISPO - Autumn*
23rd International Sports Equipment Fair
12-15 September

IKGFA*
13th International Trade Fair of Hotel and Catering Trades
21-25 September

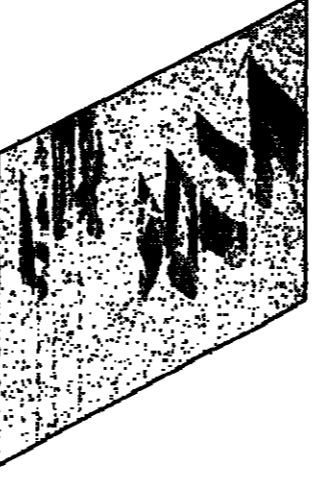
52nd MWM MODE-WOCHEN MÜNCHEN*
International Fashion Fair
6-9 October

CERAMITEC
3rd International Trade Fair Machinery, Equipment, Plant and Raw Materials for the Ceramic Industry
15-19 October

SYSTEMS
Computer and Communication
9th International Trade Fair and International User Congress
28 October - 1 November

PRODUCTIONICA
6th International Trade Fair for Electronics Production
12-26 November

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WEST GERMAN INDUSTRY 7

Speed-up for freight

Railways JOHN DAVES

IN THE DEAD of night, the West German federal railways is trying to smarten up its freight traffic. With a new service, dubbed Inter-Cargo, the Bundesbahn is aiming to speed up and rationalise the overnight movement of goods between major industrial centres.

attract more passenger traffic with well-publicised concession prices for weekend travel and by building up services on its prestige Inter-City trains, which carry a relatively large number of business travellers.

berg, Frankfurt, Cologne, Duisburg, Frankfort, Cologne, Duisburg, Wauna-Eickel, Hanover, Hamburg and Bremen.

volume carried by long-distance road hauliers, who handled 309.7m tonnes—quite apart from the estimated 1.9bn tonnes carried in more localised road transport.

Order books still shrinking

Shipbuilding RUPERT CORNWELL

THE BLEAK message of a study carried out earlier this year by the Bonn economics ministry could not have been plainer: West Germany's battered shipbuilding industry could expect scant help in the form of increased subsidies from the Government to improve its competitiveness.



Ashley Ashwood

The QE3 in dry dock. There was a stir in the UK last year when £4.5m refitting work was done at Bremerhaven, though European yards all compete against each other for the work available and in fact British companies were involved in the Bremerhaven contract.

for countries to reduce distorting subsidies of their own. Such a strategy may be justified, but will have little bearing on the central problem for German and indeed all European shipbuilders: the huge cost advantages offered by the Japanese and South Korean yards which dominate the industry.

VOLUME OF WEST GERMAN FREIGHT TRAFFIC (millions of tonnes carried) Table with columns for 1981, 1982, and 1983, and rows for Bundesbahn, Other railways, Total railways, Long-distance road haulage, Inland shipping, Air freight, Oil pipelines, Total.

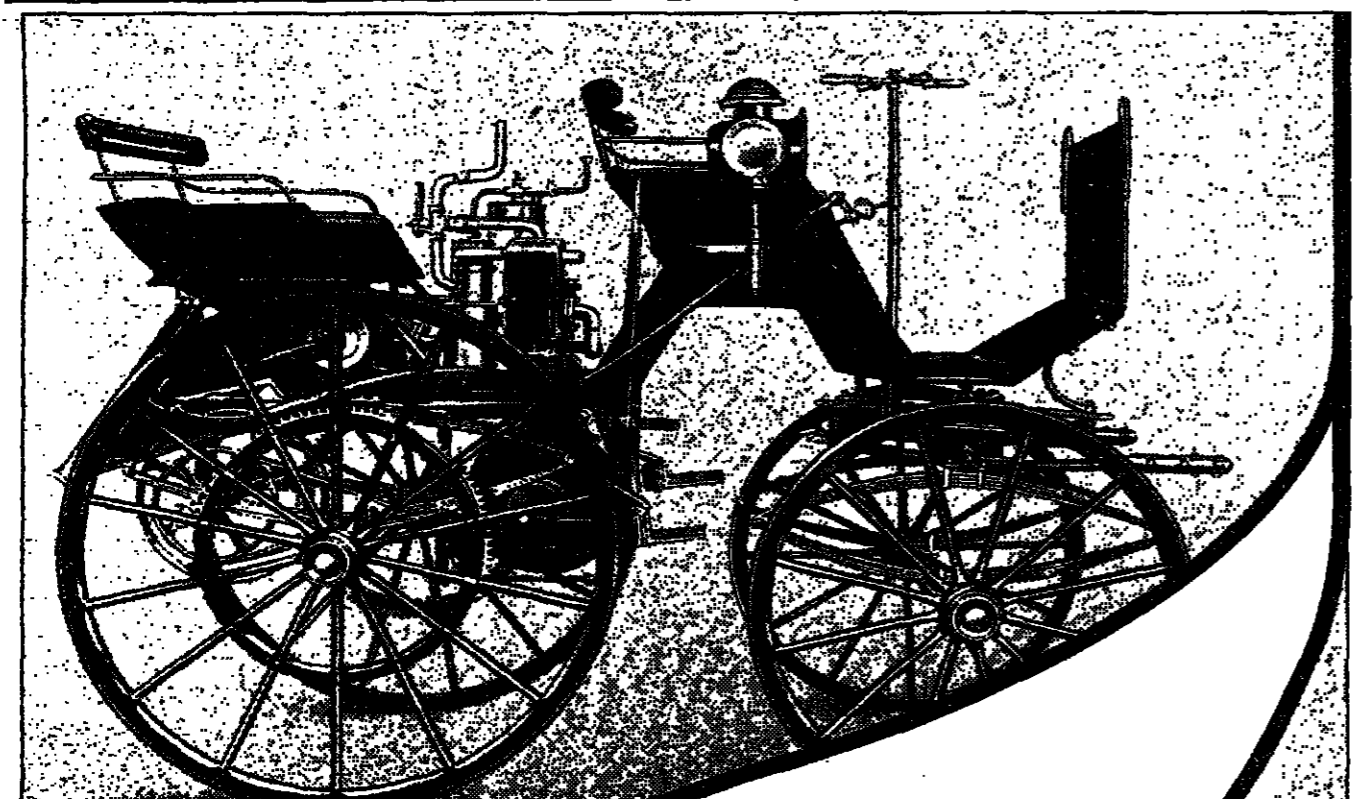
CONTINUED FROM PREVIOUS PAGE

Important — it will help with technical advice, market evaluation and so on. The key point is that new companies will not just receive capital (usually through a minority stake by TV) but can expect to benefit from information and expertise not available to them on their own.

its investment activities to other high tech sectors, and to attract the backing of more large companies with appropriate expertise to offer as well as cash.

giant," it is admittedly too soon to judge whether this experiment will succeed.

developed by comparison with its U.S. or British counterparts, so that more enterprises may be encouraged to "go public."



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M.A.N. advertisement featuring a large black arrow pointing upwards and the text 'Backed by long-term experience in project and systems engineering. M.A.N. is heavily involved in advanced technology in the fields of energy, transportation and space research. Under the auspices of the European Space Agency, M.A.N.'s R&D division was selected to develop and manufacture essential structural and propulsion components for the ARIANE launcher rocket.'



WEST GERMAN INDUSTRY 8

Industrial battle in deadly earnest

Labour

RUPERT CORNWELL

BY THE standards of most industrialised countries West Germany is comparatively under-unionised. Only 40 per cent of the workforce belongs to a trade union, compared with 55 per cent in Britain, 76 per cent in Belgium and as much as 90 per cent in Sweden. But the casual observer would hardly have guessed it in the last few months. Since last autumn, the country has been embroiled in an industrial battle without precedent for six years. At first it was a war of words, but since the beginning of May the struggle has been in deadly earnest.

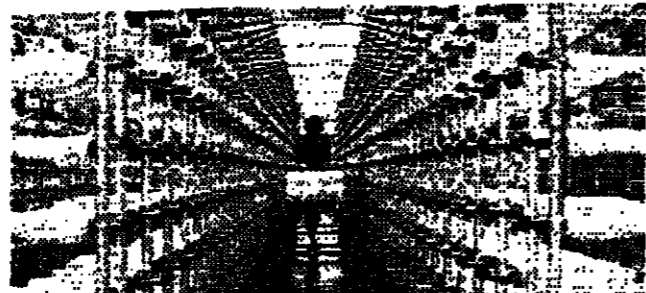
As the month drew to its close strikes in the key engineering and metallurgical industries had made more than 100,000 idle. The reason? The demand of IG Metall—with 2.6m members the largest single trade union in the world—for a five-hour cut—on full pay—in the basic working week to 35 hours.

The Government, along with the employers, will not hear of the idea. "Stupid" is how Chancellor Helmut Kohl has described it, and most, though by no means all, economic experts appear to share that view, though in more diplomatic terms.

At the time this article was written, in the penultimate week of May, it was far from clear how the dispute would end. An early settlement probably would leave few scars, and enable the car companies, worst hit by the factory closures around Stuttgart and Frankfurt, to quickly make up for lost production through overtime.

As the disruption moved into its second week, however, even more people were voicing their fears about the consequences of a protracted strike. A complete shutdown of the car industry, for example, could affect one job in seven in the country. The costs to the national budget would be enormous, while the comfortable 3 to 3.5 per cent growth rate expected in West Germany for 1984 would almost certainly slip out of reach.

But whatever happens, some things are already clear. In the first place the strikes have come as a severe shock to a nation hardly used to them. Between 1970 and 1982 West Germany



Worker in a textile mill

lost fewer days through strikes than almost any other comparable country: just 42, in fact, per 1,000 workers per year, compared to 107 in Japan, 194 in France, 512 in Britain and 1,403 in Italy.

That glowing statistic is likely to dim considerably in 1984—and with it the long-prevailing image of the hard-working German. Even on the basis of the standard 40-hour week, German workers put in far fewer hours per year than their counterparts in Japan, Britain and the U.S. Only a constantly impressive productivity performance has allowed the country's labour costs to stay competitive. All that would change, industry says, if a 35-hour week be-

came the norm without a corresponding cut in pay. Indeed, the most insistent public argument against it is that companies would face an increase in overall costs of up to one fifth, and risk being driven wholesale out of international markets.

Such reasoning impresses not only the employers, the Government and a huge swathe of the general public: it also has hit home among workers duty-bound to toe the union line. Although loyalties have hardened as serious strikes have begun, most surveys suggest that a majority even of IG Metall's members are unhappy with the formal grounds for the campaign.

Not for nothing did the union

carefully select for the first strikes two traditionally militant areas.

So why has IG-Metall, with the backing of the country's 160,000 print and paper industry workers, pressed ahead into a struggle which few people doubt that at the finish after many weeks and much spilt blood it would be bound to lose?

One main reason is that the employers have left the engineering union precious little choice. As the moment of decision drew near, IG-Metall spokesmen—most notably Herr Franz Steinkühler, its aggressive young deputy head—indicated that they would be ready to accept a phased introduction of the 35-hour week, even the mere agreement of management to drop the notion of a sacrosanct 40 hours.

But Gesamtmetall, the engineering employers' association, refused to budge, sensing the chance of a glorious victory. The union had no choice but to do battle.

But there are other, more complex, factors involved. After years of cosy—many would say too cosy—collaboration with a Social Democrat Government in Bonn, the labour movement has acutely felt the need to make a show of strength. The sense that a Centre-Right Government was tilting towards the bosses only added to its determination.

At least as influential has been the genuine concern to reduce unemployment. "The only new jobs that a 35-hour week would create would be in the Far East," Count Otto Lambdorff, the Industry Minister, may caustically remark. The fact is, however, that the unions do believe that a cut in hours is needed to put a good proportion of the country's 2.5m jobless back to work—especially when high-tech is advancing and traditional "sunset" industries such as steel and shipbuilding are under pressure as never before.

Most fundamental, but hardest to quantify, is the changing mood of the country at large. The old work ethic that underpinned recovery from World War Two has waned: the German worker has nothing left to prove; he or she might be said to feel the time has come to reap rewards for past diligence.

The trouble is, of course, that the unions risk proving only that they are no longer the force they were—and after a contest which largely destroyed the

WORKING DAYS LOST
(per 1,000 workers per
year 1970/82)

Italy, 1,512, Great Britain, 512; U.S., 443; Belgium, 250; France, 184; Sweden, 139; Japan, 107; W. Germany, 42; Netherlands, 38; Austria, 9; Switzerland, 2.

Source: DWI and W. German Labour Ministry

consensus between both sides of industry which has been a post-war hallmark of the country. Of more subtle, but hardly less importance is the fact that in foreign eyes at least, the belief in that consensus may have already gone. However, the 35-hour week affair ends, many people abroad may never quite look upon German industry in the same way again.



BMW workers demonstrate in Munich for a 35-hour week

Pleas for budget to be increased

Space programme

JAMES BUCHAN

THE FLIGHT into space and back last December of Herr Ulf Merbold—the first citizen of the Federal Republic to leave the Earth's atmosphere—caught the imagination of the West German public as that infallible taker of the national pulse, Chancellor Helmut Kohl, realised when he interrupted a depressingly terrestrial European summit to talk to the astronaut overhead.

Herr Merbold's flight on the Space Shuttle with the Specialist, the European space laboratory built under management of MBB's Erno division in Bremen, helped highlight a West German space programme which has so far been overshadowed by that of France (not to speak of the U.S. or Soviet Union).

However, Messerschmitt-Boelkow-Blohm's shuttle pallet satellite (Spatz), the first reusable orbital platform, has already made two flights with the Shuttle. In addition to projects

of the European Space Agency (ESA), which accounts for about half of the Bonn Government's budget for space research and development, German industry has begun work on a heavy orbiting observatory, Rosat, for launch in 1987.

Rosat, the fifth independent West German research satellite project, will make use of X-ray and ultraviolet frequencies to explore much deeper into space than has been possible.

Both industry and government have responded enthusiastically to President Ronald Reagan's invitation for European involvement in a manned space station. Prof Ludwig Boelkow, who presided over the consolidation of the bulk of the German aerospace industry into MBB and remains an influential voice, believes that the basis for European participation could be the Columbus project, a German-Italian design for an independent space module, which could be "bolted" on to the station.

Such projects, or the development of a European transport capacity through the Ariane rocket programme, will inevitably require an expansion of the space budget beyond its present level of about DM 800m

a year. While Prof Boelkow and others have appealed for an increase at least to French levels (about double the German expenditure), the Ministry of Research and Technology in Bonn insists that, at least until 1986, only nominal budget increases will be possible.

This is an old story for the West German space and aerospace industry which, with about 71,000 employees, is as dependent as any other in Europe on public expenditure. MBB, the industry core, could breathe a sigh of relief this spring when in quick succession both UK and German governments pledged their shares of the development costs of the Airbus A-320 150-seat airliner.

This will do much to secure employment at MBB's north German works, where the fuselage and tail will be built.

However, MBB as well as Dornier, which has successfully maintained its independence, desperately need decisions on the development of a new combat aircraft for the 1990s. In comparison with this project, the go-ahead for MBB to begin development with Aeropostale of a joint Franco-German anti-

tank helicopter (the PAHS) is a mere crumb.

Although air force chiefs from West Germany, France, the UK, Spain and Italy agreed the so-called "outboard target" of the aircraft last December, the Bonn defence ministry has asked for a postponement of further talks while it wrestles with its 1986 budget and medium-term financial planning.

Within strict guidelines set by a Finance Ministry bent on budgetary consolidation, the Defence Ministry must give priority to the expensive and politically delicate business of maintaining Bundeswehr strength in the face of a sharp drop in the intake of conscripts as a result of the falling birth rate.

Last year, Dornier demonstrated a new flying-boat (based on its celebrated World War II design), and has carved out a market for its Do-128 and Do-228 commuter aircraft as well as being involved in the Rosat project.

MBB, which last year made sales of DM 5,976m, expects business to be lean at least until 1988 when the Airbus A-320 is launched.

SKF and the automotive and its supportive industries are traditional partners in applied rolling bearing technology. Even more so today with the accelerating changes towards front wheel drive, reduced axle dimensions, simplified mounting and adjustment, and more integrated component units—such as our water pump spindle assemblies, belt tensioner units, and advanced wheel hub units.

However, whether the bearing arrangements are for tyre production on the fringe of the industry or for new back axles, SKF remains committed to constants like product reliability, performance, service life and product safety.

"To achieve high performance and reliability, even simple components can demand a level of capability and technology that will stretch commitment to the limit."

The big mix for tyres.

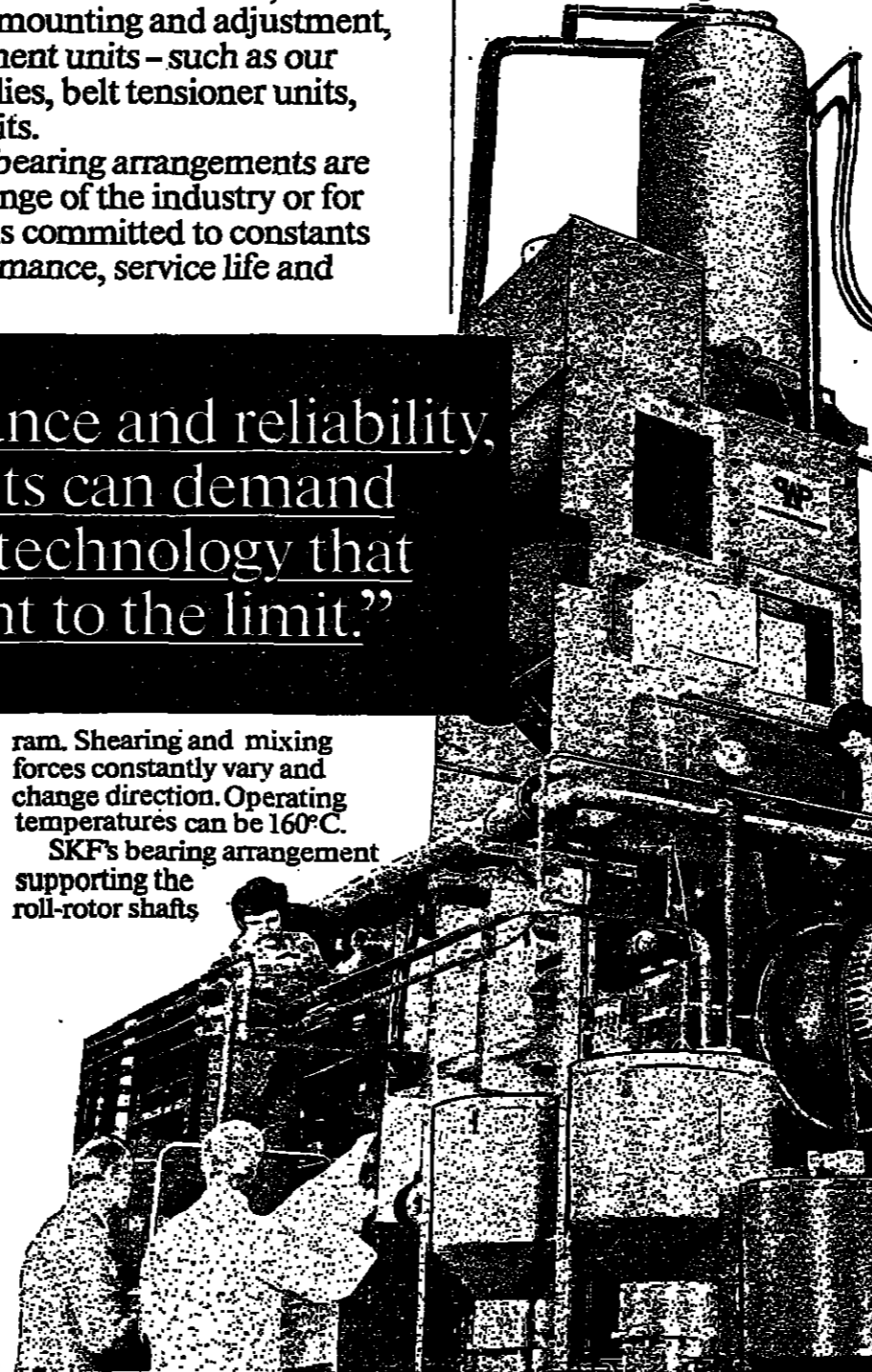
Some 60% of all available rubber is used to make vehicle tyres—and up to 20 other basic ingredients are used in the initial mix. This requires high process technology machinery for large-quantity kneading and mixing. Such as pioneered by Werner & Pfeleiderer, Stuttgart, W. Germany, and supplied for the Soviet Union's Bobruisk seven-line tyre production plant.

Five of the world's largest rubber mixers with 650-litre chambers were supplied as well as two smaller ones. Together they deliver 600 tonnes of rubber mixture a day. Two four-bladed rotors work the basic mix at up to 52 r/min while kept under pressure by a pneumatic

ram. Shearing and mixing forces constantly vary and change direction. Operating temperatures can be 160°C.

SKF's bearing arrangement supporting the roll-rotor shafts

under these conditions involve spherical roller bearings of radial and thrust designs. First-mixer reports after 25,000 working hours give operating temperatures 20°C under design calculations. In part due to the low-friction bearings.



On road, off road, on rails.

To call the Unimog a multi-purpose vehicle and implement carrier is like calling a Mercedes limousine a passenger vehicle. Accurate but unexciting.

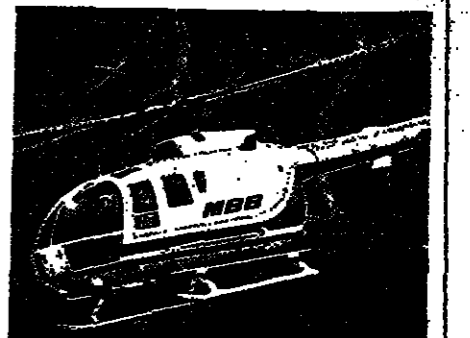
The Unimog is made by the Daimler-Benz all-wheel drive specialists at the Group's Black Forest Gaggenau plant. Popularly, it's a universal quick-change vehicle—just as suited to off-road crop spraying as to on-rail shunting of railway wagons.

Small outer changes, 52 to 168 DIN/HP diesels, and hundreds of powerful work implements, make for almost limitless permutations of the basic tractive unit—from excavation to road surface impacting, from forestry

to Ro-Ro container loading. Uncommon usage has led Unimog to an uncommon SKF wheel bearing solution: the new type SU cylindrical roller bearing that will cope with all directional heavy forces likely to arise—a fitting complement to the SKF taper, cylindrical and ball bearings in the gearbox, differential and elsewhere.

Flying safe in gusty winds.

Messerschmitt-Boelkow-Blohm's BO 105, first twin-turbine helicopter in the 2-tonne class, has a proven reputation for heavy-turbulence safety. It is operating under extreme climatic conditions in off-shore missions in Alaska, Canada, Norway and northern Scotland, and has carried out



helipad starts and landing at wind speeds up to 75 knots in the Magellan Strait. West Germany's aerospace group—MBB has delivered this helicopter type to some 120 customers in more than 30 countries.

Many of the BO 105's proven parts and components are also used in the larger type BK 117, a joint venture with Kawasaki Heavy Industries.

SKF is involved with safety-critical components which include planetary gear and swashplate bearings, tail and rotor bearings, main transmission gearbox bearings, airframe bearings, flight control and rotor-angle adjustment rods.

SKF. The exact bearing—and more

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SECTION II - INTERNATIONAL COMPANIES FINANCIAL TIMES

Tuesday June 5 1984

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Commodore enters price war with new computer

By Louise Kehoe in San Francisco

COMMODORE International, the leading U.S. home computer manufacturer, has introduced a \$300 computer for small business and home users. The performance and capabilities of the "Plus 4" compare to those of \$1000-plus computers such as the Apple IIe and the IBM PCjr. Commodore's aggressive tactics could spark a price war at the top end of the home computer market where business and home computers overlap, according to industry watchers. Last year, Commodore fought off competitors in the low end of the home computer market with disastrous consequences for its competitors. Apple Computer, which currently leads in this part of the personal computers market, may not be adverse to reducing the price of its Apple IIe. Mr John Sculley, president

of Apple Computer, has said in the past that the IIe could be used as "a price-cutting vehicle." For \$300 Commodore is offering an eight-bit computer with 64K bytes of memory. Built into the computer is a set of integrated software to perform word processing, data base management, spreadsheet and graphics - the four basic business personal computer functions. With a video screen and a single disk drive, the price comes to \$600. Commodore says it will begin shipments in September or October. "The Apple IIe, the leading product in the 'serious' home computer market, costs \$995 without a screen or software. IBM's PCjr costs \$1,300 without software. "There is no doubt that Commodore could do well with this product," says Ms Ester Dyson, of Edventure, a New York market analyst. Commodore must, however, overcome its U.S. image as strictly a home computer maker if it is to attract business customers, industry analysts suggest. "But they will be selling against the Apple IIe which has a wealth of software." The new Commodore Plus 4 is not compatible with the company's earlier products and will, therefore, be limited to the 30 to 40 programs introduced with the machine. Commodore says it will position the Plus 4 as a "productivity computer for the home users who appreciate that it is not the cost but what you get for your money that is important, and small business users, especially those who do not know (and are afraid to learn) how to use an Apple."

Braniff sets up customers' trust fund

By William Hall in New York

BRANIFF, the Dallas-based airline which emerged from bankruptcy and resumed operations earlier this year, has set up a special trust fund to hold cash from ticket sales until the customer completes his journey.

The move is part of a campaign to attract many of Braniff's former customers back to the airline. When it collapsed in 1982, many passengers and travel agents lost money on Braniff tickets, with the result that the new airline has been struggling to win the volume of traffic it needs to survive in the long-term.

Braniff says that it "wants to encourage all of the 23,000 travel agents in the U.S. to write tickets on Braniff with absolute confidence in the integrity of our service." Since May 25 Braniff has been assigning money from ticket sales through travel agents using Braniff validated ticket stock to the Agency Trust, an independent trust administered by Mercantile National Bank of Dallas.

Mr Patrick Foley, vice chairman of Braniff, said that Braniff's load factor (the number of seats filled by passengers) was 32.4 per cent in March and slightly higher in April. He added that the May load factor will be approximately 50 per cent higher than April and advance bookings for June indicate a further 50 per cent increase in the load factor in the current month.

Record trading year for Euro-clear

By Maggie Ury in London

THE Euro-clear Clearance System, which provides a settlement system for internationally traded securities, reported a record year in 1983. For the period to November 1983 the value of securities settled through the system was \$604bn (\$509bn in 1982).

The launch of an automated system for securities lending and borrowing in June 1983 contributed to the increase in the daily average of securities loaned to \$487m in 1983.

Euro-clear is now used by 1,425 participants. In 1983 they received rebates of fees totalling \$3.2m, down from \$4.8m in 1982. Euro-clear expects to pay rebates of \$4.8m in 1984, and is moving to quarterly, rather than half-yearly, payments. After rebates 1983 profits were \$4.4m (\$2.3m).

The 120 shareholders of Euro-clear, mainly banks, brokers, and investment institutions, will be paid a \$50 a share dividend against \$30, including a \$10 special payment.

Citicorp takes 100% stake in London broker

By Margaret Hughes in London

CITICORP is acquiring 100 per cent of Grindlay Brandts Insurance Brokers in which it already has a stake through its majority holding in Grindlays Bank. The insurance broking company is a wholly-owned subsidiary of Grindlays Bank.

Citibank, the principal subsidiary of Citicorp, acquired its controlling interest in Grindlays Bank, in which it previously held a 49 per cent stake, following a complete deal last summer with Lloyds Bank. This gave Citibank a 48.61 per cent stake in Grindlays Holdings, the holding company which now owns 100 per cent of Grindlays Bank. The acquisition of Grindlay Brandts Insurance Brokers represents Citicorp's entry into the international insurance business as part of its overall financial diversification programme.

Du Pont buys disk technology

By Our Financial Staff

DU PONT, the U.S. chemical company, has bought the rights to manufacture optical disks used in data processing from Storage Technology. Storage Technology will take a "significant portion" of Du Pont's output of the disks for use in its new model 7840 disk drive system, but Du Pont may also use the technology independently for other purposes.

Storage Technology says it will begin limited production of its data storage system in the third quarter and full-scale production early next year.

HOUSTON INDUSTRIES PUTS NUCLEAR PROBLEMS BEHIND IT

Texans on the trail of UK funds

BY IAN HARGREAVES IN LONDON

AMERICAN power utilities, especially those with big nuclear programmes, are not exactly the darlings of the investment community these days, but one of them, Houston Industries, swept breezily into Britain yesterday to list its shares on the London Stock Exchange.

The reason for coming to London, according to Mr Don Jordan, the company's chief executive, has nothing to do with wanting a base outside the nuclear-sensitive U.S. financial markets and everything to do with seeking out lower-cost financing possibilities as the company approaches a period when it can use shorter-term debt instruments to advantage.

But it is certainly true that before making this appeal to the European investor, Houston Industries has done a great deal to tidy up its nuclear problems, which at one time appeared considerable.

The most drastic action was the cancellation of the 1200 MW Allen Creek nuclear project, which resulted in a write-off of \$287m in 1982. The regulating authorities have refused for the most part to allow

Houston to recoup this loss through increased electricity tariffs.

Houston's second project is a 31 per cent share in the 2,500 MW South Texas nuclear power complex. The company's troubles in this scheme have mainly centred on its contractor, Brown and Root, which Houston sacked three years ago. Litigation on this matter is expected to reach court next March, but meanwhile Mr Jordan says its new contractors, Bechtel and Ebasco, have put the South Texas programme on budget and on time for phase commissioning in 1987-88.

He also points out, fairly, that for Houston Industries and its utility subsidiary Houston Lighting and Power (HLP), nuclear power is and will remain a modest part of the total picture. He does not, he says, envisage building nuclear again "unless there is some drastic changes in the way that regulation takes place."

Six years ago, the utility was entirely dependent upon gas, and it forecasts that by 1991 the breakdown will be 34 per cent gas, 18 per cent coal, 19 per cent lignite, 5 per cent nuclear and 24 per cent

	1983	1982	1981	1980
Revenues: (\$m)	3993	3838	3095	2367
Net income: (\$m)	304	126	216	184
Electricity sold (m kilowatt hours)	55m	56.5m	56.8m	54.8m
Average fuel cost (cents per m BTU)	321	337	271	206

bought-in-co-generation.

The reason for this is that under the price deregulation programme and in spite of the North American glut of natural gas - the so-called "gas bubble" - the cost of gas to HLP has risen from \$188 per 1m BTU in 1979 to \$339 last year. In the same period, the price of coal moved from \$218 to \$273, reversing the economic advantage of the two fuels. Lignite, of which HLP has plentiful local supplies, has also become a highly cost-effective fuel.

Mr Jordan reckons that with the gas bubble holding back gas prices as HLP renegotiates a major long-term contract, the utility can expect this year to hold its total fuel costs stable in money terms.

He also thinks that with the recession over, electricity demand should grow by 8 to 9 per cent this year and 4 per cent a year thereafter. Last year demand was abnormally low because of the industrial slump and because Texas had a cooler than normal summer and turned down its air conditioners.

In the end, the accuracy of this optimistic demand forecast will be more crucial than the nuclear question to Houston Industries' prospects. It will take growth of the level predicted merely to hold the company's plant load factor (the ratio of electricity produced to installed capacity) in the low 60 per cent area, as the company's new nuclear and lignite power stations, planned in more buoyant days, come on stream.

Improved quarter for Mattel

By Paul Taylor in New York

MATTEL, the financially troubled U.S. toy maker, yesterday reported significantly improved fiscal first-quarter earnings.

The company, which last week announced it had signed a definitive agreement on a financial restructuring plan put together by E. M. Warburg Pincus, designed to stave off the threat of bankruptcy following heavy write-offs in its electronic toys and computer games division, reported operating net earnings of \$10.6m or 45 cents a share in the quarter ending April 29, compared with net earnings from continuing operations of \$2.1m or 9 cents a share in the same period last year.

Mattel, the world's largest toy-maker, has gone through a restructuring in recent months, selling major assets in an attempt to return to profitability and refocus its attention on its basic business, Mattel Toys.

In the latest quarter a \$8.3m tax credit produced final net earnings of \$18.9m or 78 cents a share, while in the year-quarter a \$22.8m loss on discontinued operations made a final loss of \$20.4m, mainly due to a dramatic decline in sales of its electronics division.

Chile plans sale of two controlled banks

BY MARY HELEN SPOONER IN SANTIAGO

THE CHILEAN authorities plan to sell two banks which have been under Government administrative control since early last year, according to Sr Dario Calderon, president of the banking commission.

The banks to be sold are the Banco Internacional and the Banco Concepcion which were taken under Government control with six other financial institutions in January 1983. Sr Calderon said the two banks' legal situation was sufficiently uncomplicated to permit their immediate sale, and that the Commercial Bank of Saudi Arabia, First Chicago Bank and several Chilean investors had expressed interest in buying shares.

Sr Luis Escobar, Chilean finance minister, announced last week that the Government would end its administrative control of at least five troubled financial institutions with sizeable outstanding debts to the central bank. The unpaid debts are to be converted into shares to be sold to private buyers at a rate of not less than 20 per cent per year. The authorities plan to retain control of the country's two largest private banks, Banco de Chile and Banco de Santiago, until private Chilean buyers can be found. Sr Calderon said an agreement had been reached with Banco de Chile's parent, the BHC group, to repay outstanding debts.

Enstar bid defended

BY OUR FINANCIAL STAFF

ALLIED Corporation of the U.S. and Ultramar, the British oil company, yesterday launched an attempt to defuse growing criticism of their joint bid for control of Enstar, the Houston oil and gas exploration group.

Two major Enstar shareholders last week sued to block the \$18 share cash offer for a minimum of 50.4 per cent of Enstar, on grounds that the bid was too low. But yesterday the suitors said

Enstar shareholders would receive a value of \$20 a share for the first 50.4 per cent of Enstar if they tender their shares. The extra \$2 would come from shares in Enstar's Alaskan pipeline utility, which Enstar is proposing to hive off.

Allied and Ultramar said the Alaskan pipeline shares would be distributed to all shareholders and were valued at \$2 a share by Morgan Stanley, Enstar's adviser.



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New Issue

May, 1984



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INTL. COMPANIES & FINANCE

Technip board meets today to discuss capital needs

BY DAVID MARSH IN PARIS

A TUSSELE among the mainly state-controlled shareholders of Technip, France's leading project engineering concern, looks likely today over the need to increase the company's capital to finance losses incurred during the past two years.

The discussions coincide with a new twist to the bitter wrangling taking place over the future of another specialised engineering company, Amrep, the major oil services group which last week went into official receivership after mounting cash problems. Technip, which recently agreed to take over Creusot-Loire Enterprises, the plant construction arm of the troubled engineering group, has itself plunged into financial difficulties as a result of a loss of FFf 182m (\$22m) last year and its inadequate capital structure.

Total and Paribas, the state-owned financial group which like OFP has a sizeable indirect stake in Amrep, issued a statement at the weekend implicitly blaming Bouygues, France's leading building and civil engineering concern, for not taking steps to save Amrep's insolvent company.

Bouygues agreed in April to take a controlling stake in Amrep by buying 55 per cent of the Auxirrep holding company which owns just over 50 per cent of Amrep.

But it pulled out after a rescue deal last month after learning that Amrep's total losses and liabilities to be financed reached FFf 1.5bn.

Bouygues, meanwhile, is believed to be negotiating with court officials to take over running of Amrep on a temporary leasing basis—move which could provide a way into some of Amrep's sought-after offshore oil activities.

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MORGAN STANLEY INTERNATIONAL

May, 1984

Swiss gold trader sees glitter in new range of products

By Anthony McDermott in Geneva

PAMP, a Swiss company specialising in small gold and silver bars and claiming 30 per cent of physical gold sales to Saudi Arabia, has just opened a factory near Chisasso in the Italian-speaking part of Switzerland. One sign of the strength of PAMP's connections in the Arab world is that the new plant was inaugurated by a friend of the company, Saudi Arabia's Minister of Oil and Natural Resources, Pamp, which stands for Produits Aristocrates et Metaux Précieux, was founded in Chisasso in 1977 by Vincenzo Biraghi and Eury Magrie, two Swiss former employees of Lescaud Valcambi, the gold refinery of Credit Suisse. Backed by Mr Mahmoud K. Shakerchi, a leading Lebanese currency dealer who left Beirut in 1976, PAMP expanded rapidly.

PAMP claims to use the biggest buyer of dollar notes in Switzerland. Besides dealing in the physical market for precious metals and foreign currencies with Middle Eastern countries, the company provides precious metal account facilities in Switzerland and portfolio management services for individual clients.

The new PAMP factory employs 40 people. PAMP's success in grabbing the major share of the Middle East market for small bars can be partly explained by the design of its products. Unlike conventional ingots, PAMP's bars are, like coins, engraved on both sides. PAMP also claims 24-hour courier delivery service to almost any airport in the Middle East.

PAMP is determined to pursue its marketing drive in small bars but also plans to broaden its product range with the addition of jewellery and watches. At present, silver bars and gold medals are manufactured in a wide variety of shapes, and PAMP says it has patented a new electro-chemical process to extract silver from used photographic film. This, it claims, is 25 per cent more efficient than the conventional methods.

The world market for small (under 50 grammes) gold bars amounted to about 50 tonnes in 1982, just over 4 per cent of the total free world physical gold market. PAMP's shipments of 28 tonnes, therefore, correspond to over one-half.

Last year the total volume of small bars dropped as low as 30 tonnes. PAMP's sales declined accordingly, although no figures have been disclosed.

So far this year, business volume has been high. It is encouraged by the fact that the trading floor where the gold price has moved narrowly, at around \$390, is still less than half its heady peaks of 1980.

PAMP is playing its cards close to its chest, but it begins to look as though the extra group manufacturing capacity has as much to do with new products as with precious metals.

EIB to broaden lending service

BY PAUL CHESTERIGHT IN BRUSSELS

THE EUROPEAN Investment Bank, the EEC's major financial institution to give an extra dimension to its operations by borrowing and lending at floating interest rates.

The decision, taken yesterday in Luxembourg by the bank's governors, is a response to criticism that the bank's operations have lacked flexibility.

This new development comes at a time of change in the top management of the bank. M Yves le Portz, its president for 14 years as president to take on an honorary role. He will be succeeded by Dr Ernst-Günther Broder from Kreditanstalt fuer Wiederaufbau, the German long-term credit and aid agency.

The bank now has freedom for a trial period to borrow up to ECU's 500m (\$405m) at floating rates and on-lend at matching terms.

Dr Broder takes over as the EIB's operations continue to expand. In the first five months of this year, financing provided reached ECU's 2.2bn, compared with ECU's 1.9bn during the same period of last year.

But the bank's governors have warned that "the bank must not become a credit institution for the general financing of industry." The warning comes in the context of pressure for the EIB to be used as a more general tool of economic and industrial policy.

But with that understanding, the EIB yesterday made it clear that it would continue to direct its operations towards the less developed regions of the Community.

Solvay set to sustain upturn

By Our Financial Staff

SOLVAY, the Belgian chemical group which staged a major recovery last year, expects profits for 1984 to be at least maintained.

Jacques Solvay, the president, told the annual meeting in Brussels that the group would step up capital spending this year by around a quarter. Capital investment is set to rise to FFf 10bn (\$1.8m) from the FFf 8bn of 1983, he said.

In 1983 consolidated earnings just about doubled to FFf 5.25bn, from FFf 2.8bn in 1982. The net dividend was raised to FFf 235, from FFf 200.

Turnover rose 12 per cent to FFf 192.7bn. There was a 5.5 per cent increase in sales volume while prices rose 15 per cent.

Nixdorf shares in demand

BY JOHN DAVIES IN FRANKFURT

THE PUBLIC share offering from Nixdorf Computer, the West German data processing company, was heavily oversubscribed yesterday.

The share issue, through a consortium headed by Deutsche Bank, has raised about DM 550m (\$205m) and is by far the largest of the recent spate of new stock market launchings in West Germany.

The Nixdorf non-voting preference shares, making up about 20 per cent of total capital, were offered at DM 330 a share and will qualify for a dividend from the beginning of this year. They will be traded on all eight German stock exchanges from next Tuesday.

The issue paves the way for continued expansion by Nixdorf to exploit business opportunities in computer, office equipment and communications technologies.

Spanish SE open longer

MADRID—The Spanish stock exchanges have now increased their trading week from four to five days and lengthened their daily trading sessions by one hour, from 10 am to 1 pm (8 am to 11 am GMT).

The measure was authorised by the Ministry of the Economy and affects the stock exchanges in Madrid, Barcelona, Bilbao and Valencia. Until now, trading took place from Tuesday to Friday.

Market officials hope the new trading hours will lead in increased activity. They said that by harmonising the new trading hours in the Spanish markets with those of other European financial markets, the Madrid and the three-hour bourses will be in a better position to handle foreign investors' business.

The increase in trading time coincides with Spain's biggest stock market boom in more than a decade, fuelled in part by signs of improvement in Spain's economy and by speculation that the market will attract more business once Spain joins the European Community. AP-DJ

NEW ISSUE

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May 23, 1984

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May, 1984

INTERNATIONAL APPOINTMENTS

New chief at World Courier

● **WORLD COURIER INC.**, Greenwich, Connecticut, has appointed an Englishman, Mr Wayne Heyland, as its group president and chief executive. World Courier has 55 companies worldwide. Mr Heyland is currently European vice-president and UK managing director in the group. He will take up his new post in the U.S. in early June. His UK responsibilities will be taken over by Mr Mervyn Crowley Davies, the company's financial director, and Mr Michael Douglas Thompson, World Courier's London-based director of operations.

MENTAL ACCOUNTING STANDARDS BOARD

will establish standards for financial accounting and reporting by state, county, and municipal governmental entities. Mr Anthony was elected state auditor in 1978 and re-elected in 1982. He also has practised public accounting and taught accounting at the Universities of Illinois, Missouri, and South Florida. Mr Martin Ives, former first deputy controller of New York City, and prior to that deputy controller of New York State, will be vice chairman and director of research and also will serve full time.

He succeeds Mr Seymour I. Gilman

who has accepted a position on Ford's finance staff. ● Mr V. Peter Harg has been named president of MIRROR IMAGES BUSINESS SYSTEMS INC. (MIBS), a subsidiary of Mirror Software, Inc. MIBS develops and markets sophisticated software for independent insurance agents. Mr Harg was vice president of marketing for Merchant's Insurance Group in Buffalo, N.Y.

Mr Ray F. Kayser has joined

MAIN HURDMAN/KMG, as director of banking consulting services. He was a vice-president and officer-in-charge of the consumer business system project management office at Citibank New York, a division of Citicorp.

Mr D. Stearns has been appointed

managing director of SOUTH WALES ELECTRIC (PRIVATE), a Hawker Siddeley company based in Zimbabwe, while Mr D. H. Clarke joins the board as director (factored goods). Both are promotions. The company, with works in Harare and Bulawayo, manufactures power and distribution transformers and switchgear, and merchandises and services electric motors and diesel engines.

Mr W. J. (Billy) Edgway has been appointed

managing director of OFFICE PRODUCTS INTERNATIONAL, with Mr Patrick Cosgrave as director, sales and marketing. A new company, it is the marketing and distribution arm for the Twinlock and Acco companies

The Industrial Bank of Japan Finance Company N.V.

U.S.\$50,000,000
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In accordance with the provisions of the Reference Agency Agreement between The Industrial Bank of Japan Finance Company N.V., The Industrial Bank of Japan Limited and Citibank, N.A., dated November 28, 1978, notice is hereby given that the Rate of Interest has been fixed at 12¼% and that the interest payable on the relevant Interest Payment Date, December 5, 1984, against Coupon No. 12 will be US\$45.13.

June 5, 1984, London
By: Citibank, N.A. (CSSI Dept.), Reference Agent **CITIBANK**

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Christopher J.S. Clegg

Managing Director,
Oppenheimer International Limited, London
has been elected a
Senior Vice President of our company.



Oppenheimer & Co., Inc.

INTL. COMPANIES & FINANCE

FT COMMERCIAL LAW REPORTS

Volvo Truck builds on a sales gain in the U.S.

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT



Sten Langenius

VOLVO'S TRUCK operations in the U.S. which sustained a substantial loss last year, are now operating profitably and should make a positive contribution to group profits in 1984, says Mr Sten Langenius, president of the Volvo Truck Corporation, the subsidiary of the Swedish motor manufacturer.

Mr Langenius says that his company's truck sales in the U.S. should be at least 10,000 this year against 6,400 in 1983 and 5,400 for the previous 12 months.

Of the 1984 total, 30 per cent to 25 per cent of the trucks will be Volvos while the rest will have White or Autocar badges.

Prices are still under pressure, he points out, because during the 1979-80 boom in truck demand, world-wide capacity for heavy trucks was lifted to around 750,000 a year whereas only 385,000 were absorbed.

However, Mr Langenius will say Volvo is not profit forecast for Volvo Truck as a whole. Volvo Truck and bus operations contributed only SKr 110m of the parent group's total pre-tax profit of SKr 4,354m (£837.1m).

Mr Langenius says that Volvo Truck decided some years ago that its priority targets must be the developed markets because its highly-developed vehicles were unsuitable for third-world countries.

So Volvo has made its first priority Western Europe, then the U.S. followed by the Middle East. There is not much growth expected in these developed territories so Volvo will concentrate on building up market share.

Volvo needs to be represented in the U.S. heavy truck market, which is about the same size as that in Europe, because it must have volume to cover the cost of its commitment to vertical integration.

VOLVO TRUCK SALES IN LARGEST MARKETS

Country	Weight	Registrations	Market Share
U.S.	over	1983	1982
	12 tons	5,580	4,030
	5 tons	4,340	3,500
	15 tons	3,910	3,430
France	5 tons	2,510	2,280
	15 tons	1,260	1,230
UK	6 tons	1,261	1,126
	5 tons	1,088	890
Sweden	16 tons	1,080	770
	5 tons	1,010	910
Netherlands	5 tons	950	1,040
	5 tons	660	630
Denmark	5 tons	560	480
	7 tons	500	490

Langenius maintains the target is a 1 per cent annual increase. He admits Volvo has no magic formula; by being slightly better than the competition in all departments: in the trucks and in the back-up service we provide.

The UK is likely to be Volvo's major European market again in 1984 although last year it fell behind France where the Swedish group had 4,940 vehicles registered against 3,910 in Britain.

Mr Langenius says that Volvo's output cannot be expected to double again during the next 10 years "but will go in the right direction. In two or three years time we will be well over 40,000."

share of the world's heavy truck sales has moved up from 4 per cent to 8 per cent, taking the company from sixth to third place in the producers league table.

Only Daimler-Benz and Renault's truck company remain ahead in the over-16 tonnes category.

Mr Langenius says that Volvo's output cannot be expected to double again during the next 10 years "but will go in the right direction. In two or three years time we will be well over 40,000."

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A CREDITOR is not entitled to compound interest on debts paid late before an arbitration award is made; and he is only entitled to an award of simple interest on delayed debts where there is statutory provision or agreement between the parties to that effect.

The House of Lords so held when allowing an appeal by sub-charterers, the President of India, from Mr Justice Staughton's decision to uphold an umpire's award that they were liable to pay interest to shipowners, La Pinta Compania Navigator SA, on a debt repaid late during the course of arbitration proceedings.

LORD BRANDON said that in May 1977 the owners of La Pinta began London arbitration proceedings against sub-charterers, claiming substantial amounts for unpaid freight and demurrage.

On January 30 1981 the sub-charterers paid the shipowners £23,196 and \$88,017, being the amounts due for freight and demurrage respectively. It was held in the arbitration that the sum for freight should have been paid on September 12 1979 and for demurrage on September 1 1979. Following payment of the two sums, the shipowners limited any further claims to interest and costs.

The umpire's award was, subject to the opinion of the court, that the sub-charterers should pay the owners compound interest of 25/100 for unpaid freight from February 1 1979 to January 31 1981, and 243,330 in respect of unpaid demurrage from September 1 1979 to January 31 1981. He further awarded that interest on the principal sums should continue to be compounded from February 1 1981 to the date of his award.

The primary award in the form of a special case was upheld by Mr Justice Staughton who was bound by the Court of Appeal decision in *Tehnio-Impez* [1982] QB 648. The present appeal, although in form an appeal against Mr Justice Staughton, was in substance an appeal against *Tehnio-Impez*.

concluded. Case 3 was where a debt remained unpaid until a judgment was given in which the original debt became merged. The shipowners urged their Lordships to depart from *London Chatham and Dover Railway*, to provide a common law remedy to meet all three cases. The remedy would be to hold that a creditor could recover damages in the form of simple or compound interest, for the debtor's breach of contract in failing to repay the principal sum in due time.

The Law Reform (Miscellaneous Provisions) Act 1934 only dealt with Case 3. It made the award of interest a matter of discretion, not of right, and expressly forbade the award of interest on interest, i.e. compound interest. The effect was that while some further remedy for an unpaid creditor was given in Case 3, no remedy was given in Cases 1 and 2.

In 1978 the Law Commission recommended alterations in the relevant law, not only in Case 3, but also in Cases 1 and 2. Meanwhile, *Wadsworth* [1981] 1 WLR 538 held that *London Chatham and Dover Railway* applied only to claims for damages, and did not extend to claims for special damages. That ratio was correct.

The first was that the court then had power to award interest on debts already paid. Its practice was to award interest on such sums as it gave judgment for in damage actions, and the practice was extended to salvage actions in the *Aldora* [1975] QB 745. It did not involve awarding interest on principal sums already paid.

The second misconception was that the Admiralty court had power to award compound interest at all. The equitable principle of awarding interest in damage actions involved only the awarding of simple interest. It did not involve awarding compound interest.

It followed that the decision of that majority could not be supported. The shipowners contended that their Lordships should depart from *London Chatham and Dover Railway* on the ground that it produced manifest injustice, in that it deprived a creditor who suffered damage or loss by reason of late payment of a debt, of any common law remedy except where there was agreement to the contrary.

The absence of any common law remedy might arise in three cases. Case 1 was where a debt was paid late, before proceedings for its recovery had begun. Case 2 was where a debt was paid late, after proceedings had begun, but before they had been

concluded. Case 3 was where a debt remained unpaid until a judgment was given in which the original debt became merged.

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PRESIDENT OF INDIA v LA PINTADA COMPANIA NAVIGACION SA

House of Lords (Lord Fraser of Tullybetton, Lord Scarman, Lord Roskill, Lord Bridge of Harwich, and Lord Brandon of Oakbrook): May 24 1984

No interest on delayed debt

departure sought by the owners could not be justified.

The greater part of the injustice to creditors had now been removed by legislative intervention, and to a lesser extent by judicial qualification. When Parliament accepted the Law Commission's recommendations in a particular field, but took what appeared to be a policy decision not to give effect to further recommendations in the same field, any decision which effected them by another route could well be regarded as an unjustifiable usurpation of Parliamentary functions.

Also, if all creditors were given a course of action for interest, it would be available not only in Case 1, but also in Cases 2 and 3, in respect of which, since the 1982 Act, they already had a statutory remedy.

What was more, the new cause of action would constitute a remedy as of right, whereas the statutory remedy would remain discretionary only. There would accordingly exist, in relation to Cases 2 and 3, two parallel remedies, one as of right and the other discretionary.

There should not be created in relation to Cases 2 and 3 a rival system of remedies which, because they would be remedies as of right, would be inconsistent with Parliament's manifest policy.

On the footing that the Court of Appeal decision in *Tehnio-Impez* could not be supported, and on the further footing that a departure from *London Chatham and Dover Railway* would not be justified, it followed that the appeal succeeded. The umpire's primary award would be set aside, and his alternative award in favour of the sub-charterers upheld.

Lord Fraser, Lord Scarman, Lord Roskill and Lord Bridge agreed. For the sub-charterers: Nicholas Phillipe QC and Peregrin Simon (Zetatsidis & Co). For the shipowners: Mark Smith QC and Martin Moore-Bick (Richard Butler & Co). By Rachel Davies, Barrister

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THIS NOTICE DOES NOT CONSTITUTE AN OFFER FOR SALE AND THE STOCKS LISTED BELOW ARE NOT AVAILABLE FOR PURCHASE DIRECT FROM THE BANK OF ENGLAND. OFFICIAL DEALINGS IN THESE STOCKS ON THE STOCK EXCHANGE ARE EXPECTED TO COMMENCE ON WEDNESDAY, 6th JUNE, 1984.

ISSUES OF GOVERNMENT STOCK

The Bank of England announces that Her Majesty's Treasury has created on 4th June 1984, and has issued to the Bank, additional amounts, as indicated, of each of the Stocks listed below.

- £200 million 10 per cent TREASURY STOCK, 1987
- £200 million 10½ per cent EXCHEQUER STOCK, 1995
- £100 million 9½ per cent EXCHEQUER STOCK, 1998
- £100 million 11½ per cent TREASURY STOCK, 2001-2004

The price paid by the Bank on issue was in each case the middle market closing price of the relevant Stock on 4th June 1984 as certified by the Government Broker.

In each case, the amount issued on 4th June 1984 represents a further tranche of the relevant Stock, ranking in all respects pari passu with that Stock and subject to the terms and conditions of its prospectus, save as to the particulars therein which related solely to the initial sale of the Stock. Copies of the prospectuses for the Stocks listed above, dated 12th September 1983, 9th January 1979, 3rd February 1984 and 19th May 1979 respectively, may be obtained at the Bank of England, New Issue, Watling Street, London EC4M 9AA.

Application has been made to the Council of The Stock Exchange for each further tranche of stock to be admitted to the Official List.

The Stocks are repayable at par, and interest is payable half-yearly, on the dates shown below:

Stock	Redemption date	Interest payment dates
10 per cent Treasury Stock, 1987	12th June 1987	12th December
10½ per cent Exchequer Stock, 1995	21st July 1995	21st January
9½ per cent Exchequer Stock, 1998	19th January 1998	21st July
11½ per cent Treasury Stock, 2001-2004	19th March, 2004, or on or at any time after 19th March 2001, subject to not less than three months' notice.	19th January, 19th July, 19th March

Dealings in the further tranche of 10 per cent Treasury Stock, 1987 for settlement prior to 12th June 1984 will be in common with the existing Stock, be effected on an ex-dividend basis. The further tranche of 9½ per cent Exchequer Stock, 1998 will rank for the interest payment of £3,061 per cent due on 19th July 1984 on the existing Stock. The further tranches of 10½ per cent Exchequer Stock, 1995 and 11½ per cent Treasury Stock, 2001-2004 will rank for a full six months' interest on the next interest payment date applicable to the relevant Stock.

BANK OF ENGLAND
LONDON 4th June 1984

COMPANY NOTICES

OESTERREICHISCHE ALPINE MONTANGESellschaft (A.M.)

BONDS OF 1985 DUE 1985

U.S. DOLLAR 2,000,000.00

14th Drawing by lot of May 11, 1984

The Holders of the above mentioned bonds are hereby informed that this year's redemption installment of U.S. Dollars 1,000,000.00 maturing June 15, 1984, shall be drawn by lot, the amount to be drawn shall be equal and parity by drawing by lot.

Amount reimbursed U.S. Dollars 484,390.00

Amount drawn: U.S. Dollars 582,735.00

The following bond numbers have been drawn in the presence of a notary public:

Denominations of U.S. Dollars 1,000.00:

688-627; 671-704; 718-719; 728-749; 754-755; 756-757; 766-777; 771-782; 872-877; 888-893; 934-935; 938-939; 943-947; 955-960; 971; 972-973; 984-989; 994-999; 1000-1005; 1009-1013; 1108-1127; 1128-1134; 1161; 1182-1183; 1178-1179; 1179-1188; 1201; 1232-1241; 1242-1249; 1256-1260; 1268-1271; 1303-1309; 1320-1336; 1338-1348; 1347-1358; 1329-1336

Denominations of U.S. Dollars 250.00:

3157-3190; 3280-4073

The bonds so called will become due and payable on and after June 15, 1984, at the office of the Paris branch mentioned in the terms and conditions of the bonds.

The undersigned is recalled that the following bonds, drawn in previous years have not yet been paid for payment:

U.S. Dollars 1,000.00: 10112

13.8.1975 2100

13.8.1975 5132-5133

U.S. Dollars 250.00: 5282-5284; 5274-5275; 5284; 5300; 5287-5288; 5306; 5310-5311; 5338-5339; 5286-5288; 10459

13.8.1983 2435

13.8.1983 5221-5227; 5191-5192; 5198

13.8.1983 5226-5228

Amounts remaining outstanding after June 15, 1984:

U.S. Dollars 1,144,900.00 (represented by 128 bonds of U.S. Dollars 1,000.00 and 28 bonds of U.S. Dollars 250.00)

BANQUE INTERNATIONALE D'LUXEMBOURG
Société Anonyme
Tranche

Luxembourg, May 30, 1984

ANGLO AMERICAN CORPORATION OF SOUTH AFRICA LIMITED
(Incorporated in the Republic of South Africa)

Dividend No. 110 on Preferred Stock

Dividend No. 110 of three per cent per annum, due and payable on June 30 1984, has been declared payable on August 3 1984 to holders of the 3 1/2 per cent cumulative preferred stock who are registered in the books of the Corporation as of the close of business on June 23 1984, and in persons presenting coupon No. 111 detached from each share.

The stock transfer registers and register of shareholders will be closed from June 30 1984 to July 13 1984, and from August 6 1984 to August 27 1984. Dividends will be paid on the Johannesburg and United Kingdom offices of the transfer secretaries on or about August 8 1984. Registered shareholders will receive the United Kingdom dividend on July 27 1984 of the rand value of their dividend (less appropriate taxes). Any such preference shareholders who are not registered on the Johannesburg or United Kingdom offices of the transfer secretaries or who are not registered in the Johannesburg or United Kingdom offices of the transfer secretaries on or before June 23 1984, must deposit with the board a transferable instrument in due form to be registered in the Johannesburg or United Kingdom offices of the transfer secretaries on or before July 27 1984, and a transferable instrument in due form to be registered in the Johannesburg or United Kingdom offices of the transfer secretaries on or before July 27 1984, and a transferable instrument in due form to be registered in the Johannesburg or United Kingdom offices of the transfer secretaries on or before July 27 1984.

The dividend on stock warrants to be held on the date of the closing of the books of the Corporation will be paid by depositing coupon No. 111 detached from each warrant with the Johannesburg or United Kingdom office of the transfer secretaries on or before July 27 1984.

The dividend on 14 1/2 per cent non-resident shares will be paid to the registered holders of such shares in the Johannesburg or United Kingdom offices of the transfer secretaries on or before August 6 1984.

The dividend is payable subject to the deduction of tax in accordance with the provisions of the Corporation's transfer secretaries, Computax (Pty) Ltd, 40 Commissioners Street, Johannesburg 2001, P.O. Box 673, Johannesburg 2001, and Greenaway Registrars Limited, 5 Greenway Court Place, London SW1P 1PL, by order of the board of directors.

C. L. MALTYRA
Secretary

Head Office: 40 Holsbory Viaduct, Johannesburg 2001, London EC1P 1AJ, June 5 1984

ANGLO AMERICAN INVESTMENT TRUST LIMITED
(Incorporated in the Republic of South Africa)

PREFERENCE DIVIDEND NO. 59

Dividend No. 59 of three per cent per annum, due and payable on June 30 1984, has been declared payable on August 3 1984 to holders of the 3 1/2 per cent cumulative preference shares registered in the books of the company at the close of business on June 23 1984, and in persons presenting coupon No. 59 detached from each share.

The stock transfer registers and register of shareholders will be closed from June 30 1984 to July 13 1984, and from August 6 1984 to August 27 1984. Dividends will be paid on the Johannesburg and United Kingdom offices of the transfer secretaries on or about August 8 1984. Registered shareholders will receive the United Kingdom dividend on July 27 1984 of the rand value of their dividend (less appropriate taxes). Any such preference shareholders who are not registered on the Johannesburg or United Kingdom offices of the transfer secretaries or who are not registered in the Johannesburg or United Kingdom offices of the transfer secretaries on or before June 23 1984, must deposit with the board a transferable instrument in due form to be registered in the Johannesburg or United Kingdom offices of the transfer secretaries on or before July 27 1984, and a transferable instrument in due form to be registered in the Johannesburg or United Kingdom offices of the transfer secretaries on or before July 27 1984.

The dividend on stock warrants to be held on the date of the closing of the books of the company will be paid by depositing coupon No. 59 detached from each warrant with the Johannesburg or United Kingdom office of the transfer secretaries on or before July 27 1984.

The dividend is payable subject to the deduction of tax in accordance with the provisions of the company's transfer secretaries, Computax (Pty) Ltd, 40 Commissioners Street, Johannesburg 2001, P.O. Box 673, Johannesburg 2001, and Greenaway Registrars Limited, 5 Greenway Court Place, London SW1P 1PL, by order of the board of directors.

C. L. MALTYRA
Secretary

Head Office: 40 Holsbory Viaduct, Johannesburg 2001, London EC1P 1AJ, June 5 1984

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WOOD GUNDT LIMITED

April, 1984

Flotation dilemma for Gold Peak in HK

By David Dodwell in Hong Kong... MR VICTOR LO, general manager of Gold Peak Industries (Holdings), Hong Kong's largest manufacturer of batteries...

Worrying conundrum

As he faces a decision that must be made today or tomorrow, Mr Lo raises another worrying conundrum: "If we go ahead, whatever the price, then there will almost inevitably be speculation over why we might have been so desperate to float."

Japanese pharmaceutical groups show poor growth

BY YOKO SHEATA IN TOKYO

JAPAN'S pharmaceutical industry did not show good growth in the year to March. In value terms drug production rose by only 1.3 per cent over the previous year's level...

with the number of companies reduced and a concentration of resources on new drug development. According to industry analysts there are several drug makers in financial trouble.

Inaba would have left of their drug divisions and form Sumitomo Pharmaceutical as from October. The Mitsubishi group is also said to be looking at a regrouping of its drug related activities.

Parent company results for year to March 31

Table with 5 columns: Company Name, Sales Ybn, Change %, Net profits Ybn, Change %. Includes Takeda, Sanbyo, Fujisawa, Shionogi, Etzel, Daiichi.

Loan limits for Malaysian banks

BY WONG SULONG IN KUALA LUMPUR

THE MALAYSIAN banking authorities are proposing to limit bank loans to customers as part of a tightening up of the banking system following the exposure of Bank Bumiputra to the collapsed Carrian property group in Hong Kong.

Bank Negara, the central bank, met representatives from the association of banks on May 18, and proposed that lending to a single customer should not exceed 15 per cent of the bank's shareholders funds.

welcome the move, although they are not sure on how to classify "a single customer". Bank Negara feels it would be prudent to aggregate borrowings by a single customer with that of loans of his related interests.

FLYING GOOSE LIMITED AUDITED RESULTS for the year ended 31st March 1984. Includes financial statements and a logo of a goose.

U.S. \$50,000,000 Saitama International (Hong Kong) Limited. Guaranteed Floating Rate Notes Due 1993. Includes a logo of a flower.

USA INVESTMENT OPPORTUNITY Small Retail Chain Marketing Australian Products. The company seeks a private or corporate investor/partner...

U.S. \$30,000,000 The Korea Development Bank. Floating Rate Notes Due 1989. Includes a logo of a house.

MALAYSIA US \$300,000,000 Floating Rate Notes due 1992. Includes a logo of the Malaysian coat of arms.

Queensland gas search by Santos

SANTOS, the major Australian oil and gas producer, is planning a three year, \$4120m (US\$270m) exploration programme in Queensland...

Development of the gas fields could move at a similar pace to that of the Jackson oilfield, which is producing oil a little more than two years after its discovery.

BASE LENDING RATES

Table listing various banks and their base lending rates, including A.B.N. Bank, Allied Irish Bank, Amro Bank, etc.

Grasping the nettle

By March, the length of the queue for flotations was growing rapidly. Hong Kong merchant bankers said. But since Sir Geoffrey's statement, many have melted away.

Playmates Holdings, a major supplier of dolls to the U.S. packed just days before a flotation scheduled for the beginning of May.

Anglovaal Group

Declaration of ordinary and participating preference dividends year ending 30 June 1984

Investment Companies Dividends have been declared payable to holders of ordinary and participating preference shares...

Table with 4 columns: Name of Company, Dividend declared per share, Total for investment company, Consolidated profit. Includes Anglovaal Ltd, Anglovaal (Overseas) Ltd.

- 1. Subsidiary companies which were on the LIFO basis of stock valuation have changed to the FIFO basis from 1 July 1983.
2. The results of the Company's mining subsidiaries have not been included in the estimated consolidated results and members are referred to the quarterly reports...

By order of the boards Anglovaal Limited Secretaries per: E. G. D. Gordon 4 June 1984

Registered Office Anglovaal House 53 Nale Street 2001 Johannesburg London Secretaries 295 Regent Street London W1R 8ST

THE MANAGEMENT PAGE: Small Business

EDITED BY CHRISTOPHER LORENZ

MANAGEMENT BUY-OUTS— transactions by which executives acquire a substantial stake in, and frequently control of, the business they formerly managed—now appear to be a well accepted feature of the UK industrial and financial scene. The "buy-out" buzzword first entered our day-to-day commercial vocabulary at the end of the 1970s but today it is well established with several new deals on average completed each week.

So what lessons can be learned from the experience of those which have achieved independence in this way over the last five years?



A recent gathering of representatives of Spicer and Pegler-supported management buy-outs which have taken place in the West Midlands during the last five years

Learning lessons from management buy-outs

BY TIM DICKSON

In an attempt both to answer this question and parade their own expertise, the accounting firm Spicer and Pegler recently had the bright idea of getting together representatives of most of the 28 West Midlands-based buy-out teams they have supported over this period.

Ranging from a contract landscaper and a former Delta Metals-owned non-ferrous foundry to a drum and cymbals maker and a former "high tech" investment of the British Technology Group, the party could best have been described as a sort of American High School reunion with "alumni" from various classes since 1979 grouped together under the same roof.

Not uncharacteristically, the guests were in celebratory mood since, according to Spicer, not one has failed "and only two have faced serious financial problems... (in each case) due to factors outside their control."

Evidence from other sources suggests that the failure rate of early "buy-outs" is encouragingly low. Both ICFC, the small firms equity finance subsidiary of Investors in Industry, which completes more individual deals each year than its

rivals, and John Coyne and Miles Wright of the University of Nottingham's Industrial Economics Department, who monitor the activities of 15 of the major financial institutions, reckons that about one in 10 of their "samples" has gone under.

Buy-outs, however, are certainly not without their pitfalls, as Adam Mills and Peter Miles of Spicer and Pegler make clear in a special leaflet to accompany the second edition of their firm's booklet on the subject.

Based not only on their own cases but on failures which have passed through other people's hands, they list six principal lessons which should be useful both for those who

is healthier and projected sales of £5m for the 12 months to September will be 20 per cent up on the previous year.

Formerly a subsidiary of the Bemrose Corporation, Baiding and Mansell's specialist printing (including catalogues for art galleries such as the Tate) did not fit into the publicly quoted group's long term objectives.

"We were making profits at the time but with ageing capital equipment. We needed to reinvest quickly if we were not slowly to wither away."

Once the decision to divest had been taken in summer 1981, a management buy-out quickly emerged as the most likely option, though Comyn Bank, which appeared interested at one stage, caused a temporary hiccup when it changed its mind about financing a printing operation.

Harris says that all profits are being ploughed back into the company and items like a new £400,000 press have been financed from its own resources. Financial management had always been tight and Baiding and Mansell simply continued

the old Bemrose accounting systems, though it first had to install its own computer network.

Comments Harris: "I'm sure we are now more responsive to our customers' needs. We know that if we miss up a contract it's our money that is at stake."

The 175-strong workforce, he believes, is also happy with the arrangement, though as yet there is no company profit-sharing scheme. "They feel that the three of us are committed to their future because we all live in the town while they no longer see the profit they earn drifting away from the business. They are also highly skilled so have responded well to the new equipment."

Virtually all customers and suppliers reacted well to the ownership change (one even sent some champagne to help celebrate the deal). "I think it was important that we spoke to all our suppliers at the time," says Harris. "Understandably some of them might have been apprehensive about being owed money by a major publicly-quoted group one moment and then finding themselves unsecured creditors of a funny little company the next."

"The biggest change I've noticed since the buy-out is that it's more lonely. There are not group departments to talk to any more. The other drawback is that if we wanted to go on the acquisition trail, which we don't at the moment, our narrow capital base and high level of gearing would stand against us."

SWINDON Enterprise Trust has set up a mini loan guarantee scheme to help small businesses starting up. Thanks to a £10,000 grant from Thamesdown Borough Council's "employment initiative" fund the trust will act as guarantor for up to 70

A charge for former free advice service

THE Government has started making a charge for its popular Small Firms Technical Enquiry Service (TES).

Established in mid-1982 as a free service for manufacturing firms with less than 200 employees, the TES puts business people directly in touch with the appropriate expert who, if necessary, will pay a visit to the company.

Because of "ever-increasing demand and the need to restrain public expenditure," however, the Department of Trade and Industry has decided, since May 1, to levy a "nominal" charge of £50 per day after the first free day's help.

There was a threefold surge in demand.

More than 100,000 UK businesses are believed to be eligible for the TES, which has so far served about 8,000 firms. The main types of enquiry have been on production methods, material selection and the application of micro computers but advice on machinery and plant selection and export marketing has also been provided.

"Manufacturing" for the purposes of the scheme includes assembly of a product from purchased components but not repackaging and distribution of a product purchased complete. If advice can be given over the phone, that would normally happen within two working days while a visit should take place within two weeks of the cry for help.

For details contact the Production Engineering Research Association (PERA) on Melton Mowbray (0664) 64133.

T. D.

per cent of loans to clients who might not otherwise be able to establish a potentially viable enterprise. The four major high street banks and the Co-operative Bank have joined the scheme.

Loans will be for between £500 and £1,000, though borrowers must provide at least £100 from their own pocket and the business idea will first be assessed by the trust. Details from Robert Hardy, 1 Commercial Road, Swindon, Wilts. Tel: Swindon 487793.

ALL UK owned companies and unincorporated businesses with an annual turnover between £100,000 and £10m (service or manufacturing) are eligible for the 1984 Lloyds Bowmaker Industrial Achievement Award. The judging panel, which will be awarding a top prize of £15,000 and £1,000 to the other four finalists, will be looking for applicants who are profitably exploiting a new idea and have the ability to continue making that profit. Application forms from: The Secretary, Industrial Achievement Award, Lloyds Bowmaker Finance Group, Finance House, Christchurch Road, Bournemouth BH1 3LG.

In brief...

THE London Enterprise Agency has organised a two-day conference so that "everyone engaged in promoting small business can pause, take stock of current activity and discuss with colleagues new and different ways of meeting the challenge." It will be held at the Britannia Hotel, Manchester, on June 13 and 14 just ahead of the Government-designated "Enterprise Week" which begins on June 18.

Conference subjects will include graduate employment in small business, group marketing for small firms and help (financial and otherwise) available from the EEC and UK.

Dinner, accommodation, the full day's conference and notes cost £45 but there are only a few places left. Details from: Carol Macchek, LEA, 69 Cannon Street, London EC4.

SWINDON Enterprise Trust has set up a mini loan guarantee scheme to help small businesses starting up. Thanks to a £10,000 grant from Thamesdown Borough Council's "employment initiative" fund the trust will act as guarantor for up to 70

per cent of loans to clients who might not otherwise be able to establish a potentially viable enterprise. The four major high street banks and the Co-operative Bank have joined the scheme.

Loans will be for between £500 and £1,000, though borrowers must provide at least £100 from their own pocket and the business idea will first be assessed by the trust. Details from: Robert Hardy, 1 Commercial Road, Swindon, Wilts. Tel: Swindon 487793.

A way through the machine minefield

PATRICK BARBOUR was going to buy a £2,350 computer printer for one of his businesses until he discovered that the machine could perform all that the company would ever require in just eight minutes a day—leaving a vast amount of unused and a very expensive surplus capacity.

"In the event we bought a printer for just £500. It did all we wanted and still had some spare capacity left for things we had not thought of," says Barbour, chairman of the Barbour Index group of publishing and information companies.

One of these companies, Barbour Builder, today launches a new service to help businessmen overcome the costly and wearing task of choosing the right office equipment to suit their company's needs.

"We realised from our own experience that it is very difficult for most company directors to make sense of the vast array of equipment available on the market," says Barbour. "For example there are almost 250 different computer printers ranging in price from £139 to £100,000."

Barbour Builder is offering its new service for £85 a year. It provides a large handbook identifying the prices and vital characteristics of more than 3,000 different pieces of equipment—ranging from envelope sealers, bursters and guillotines to sophisticated computers, copiers and micro-film retrieval systems.

Customers will receive regular newsletters, and there is also a telephone information service to keep them abreast of new developments in the office equipment field.

"The service is designed to help people avoid buying equipment they do not need or which will not do the job they require. It should also help people who are not sure what they are going to require to gain some idea of the sorts of different equipment on the market," says Barbour.

Product Selector—the automated office: Barbour Builder, Phoenix Way, Cirencester, Glos. GL7 1RY. (Tel. 0285 68224). 555.

Andrew Taylor

Business Opportunities

READERS ARE RECOMMENDED TO TAKE APPROPRIATE PROFESSIONAL ADVICE BEFORE ENTERING INTO COMMITMENTS

FRANCHISOR OPPORTUNITY

Consumable—Service—Industry—Sound Business
Engineering Products
5 years development \$50,000,000 potential turnover
return 20% on invested capital

If your Company is.....

- * Objective
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Does it want to diversify and develop.....

- * First Class Service
- * First Class Product Line
- * First Class Returns on your Investment

Enzed Precision Products Ltd are New Zealand's prime manufacturer of a specialised engineering and industrial consumable, with successful operations in New Zealand, Australia, South Africa, Malaysia, Singapore, Papua New Guinea, Saudi Arabia, Oman, UAE and the Pacific Region with our product and franchise marketing package, which are both tried and proven.

We seek a progressive company/investor to elevate to the status of Master Franchisor throughout the United Kingdom.

Your Company must have.....

- * Access to funds
- * Enthusiasm and dedication to a growth programme, extending into the 21st Century
- * Positive management attitude

We offer.....

- * A first class product line with best range coverage
- * A proven and successful franchise package
- * The back up and front up of an enthusiastic and dedicated support team in training, operations and management

Interested? If so, please direct your reply in confidence to:

The Managing Director
Enzed Precision Products Limited
Private Bag, Pannure, Auckland, New Zealand.

100% IBA INVESTMENT OPPORTUNITY

The premises comprise a prominently sited single storey factory, due for completion in August 1984, of approximately 60,000 sq.ft. The unit is pre-let by way of a building agreement to a major public limited company on the basis of a 21 year full repairing and insuring lease at an initial rental of £94,000 per annum with 5 year rent reviews.

Offers are invited from investors for the Freehold Interest on the basis that the development qualifies for 100% Industrial Building Allowance and Regional Development Grant.

Other investment opportunities are available throughout England. For further details please contact: Mr. Ian Parker, Property Manager, English Estates, St. George's House, Kingsway, Team Valley, Gateshead, Tyne & Wear NE11 0NA. Telephone: Tyneside (091) 487 8941.



CAPITAL TRANSFER TAX INVESTMENT PLAN

It is now possible for you to hold a substantial portfolio of investments such as equities, gilts, cash on deposit or even commercial and industrial property in a way which will give you the—

- BENEFIT OF CAPITAL AND INCOME IN YOUR LIFETIME
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If you have investments or funds in excess of £50,000 and would like full details, without obligation, please WRITE your name on a letterhead and post to me TODAY.

Managing Director (Dept FXD)
Ackrill, Carr & Partners Limited
Tricorn House, Hagley Road, Birmingham B16 8TP
(We regret no telephone enquiries can be accepted.)

We are a trading company seeking a controlling share in a wholesale distributor dealing in household goods in the London area.

Replies to: The Managing Director
GLOWTEAM LIMITED
130 Worple Road, Wimbledon, London SW19 4JF

PRIVATE INVESTMENT COMPANIES

We are retained by a small but rapidly expanding fully-quoted company involved in the field of investment and financial services. Our clients are willing to purchase on a share exchange basis, or share capital of private or family investment companies and whose assets companies which have deposited of their businesses and whose assets are now essentially cash and/or quoted securities. Private property companies also considered. Generous terms can be negotiated for efficient realisation of locked-in assets. Preferred size £120,000-£500,000.

Full details to:

RAWLINSONS CHARTERED ACCOUNTANTS
Netherwood Chambers, Manor Row, Bradford BD1 4PF
Ref GSP

RECENTLY STARTED COMPANY

With pretimes on commercial and retail underlay cleaning equipment with worldwide applications seeks £95,000 equity funding BEE (business expansion scheme) for marketing to enable it to reach market potential, and to fund R and D of new completed product with orders already achieved for government, military and commercial applications in domestic market. Applications strictly through distributors appointed in Europe, Australia and the Far East. Applications strictly in order of receipt to Allot Fairness, Chartered Accountants, 10 College Road, Harrow, Middlesex HA1 1SE.

Businesses for Sale

FOR SALE MANUFACTURING JEWELLERS

The assets and business of
W WESTON & SON LIMITED
(In Receivership)

- ★ Located in the long-established "Jewellery Quarter" of Birmingham
- ★ Modern purpose-built freehold premises
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Enquiries to:
The Receiver and Manager,
J Barry Davis, FCA
Neville Russell
Leicester House
67 Newhall Street
Telephone: 021-236 7711
Birmingham B3 1NU.

FOR SALE Snooker Club

Freehold Premises of 12,000 sq. ft. incorporating 21 full size tables and 4 smaller tables plus 10 pool tables
Established 15 months Licensed bar facilities
Weekly takings now in excess of £4,000
Town centre property in North of England
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Write Box G7795, Financial Times
10 Cannon Street, London EC4P 4BY

COMPUTER MANUFACTURING COMPANY

Designers and manufacturers of own range of well-known micro-computer and accessories.
Future products planned.
Budgeted sales 1984 £5m +.
Mainly export.
Rat. mkt.
EDWARDS SYMONS & PARTNERS
58/62 Wilton Road, London SW1V 1DH
01-834 8454 Telex: 825434S
and at Manchester & Liverpool

COMPUTER MANUFACTURER

★ For sale as a going concern.
★ 50,000 sq. ft. Leasehold premises in Kenfig, South Wales.
Enquiries to: R. G. Ellis
Touche Ross & Co.
Baltic House, Mount Stuart Square, Cardiff CF1 6GS
Telephone: 0222 481111

FOR SALE RETAIL FASHION BUSINESS

High class bridal wear business in Wimbledon area for sale as a going concern including leasehold premises and valuable stock.
Enquiries in writing to:
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16 St Martin's-le-Grand, London EC1A 4EP

PUBLIC COMPANY

WISHES TO DISPOSE OF ITS WHOLLY-OWNED SUBSIDIARY
well-established national Children's Shoe Manufacturers
Current turnover approximately £1m, mainly home sales from sales force giving full U.K. coverage with some exports. Raw materials and stock valued at £2m approximately. Small experienced workforce. Manufacturing premises held on short lease, renewable if required. Full details will be supplied in strictest confidence to interested parties.
Write Box G5970, Financial Times
10 Cannon Street, London EC4P 4BY

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AUTOMOTIVE FILTER MANUFACTURING PLANT
Complete set of machinery in good order for manufacture of automotive filters (oil, fuel and air) covering up to 2.5 million filters per annum on single shift operation available for immediate sale. Offer in the region of £150,000 invited.
Contact Tel: (01) 423-0255
Extension 25

Long established
Domestic and Recruitment Business
diverse interests for sale as going concern. Bought after central London location with Lease.
Write Box G3860, Financial Times
10 Cannon Street, London EC4P 4BY

LICENSED DEALERSHIP IN SECURITIES
Company with principal licence (City House), 10, Cannon Street, London EC4P 4BY.

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Qualified International Tax Advice
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27, Abchurch Lane, London EC4N 3DF
Telephone: (0624) 290231; 2024028933

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Free sample and introductory offer from:
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2 The Mall, Bristol, Tel: (0272) 737222

READERS ARE RECOMMENDED TO TAKE APPROPRIATE PROFESSIONAL ADVICE BEFORE ENTERING INTO COMMITMENTS

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ST. GODRIC'S COLLEGE, HAMPSTEAD
3 Day Micro-Computer Course
Weekly throughout the year
An intensive course designed for executives. It includes hands-on training, illustrated course notes and expert instruction.
For a brochure and further information contact: The Registrar, (FT)
3 Adelphi Road, London NW5 6AD. Tel: 01-435 9831. Telex: 25389.

Musical Instrument Distributor

Luton
Established national distribution business operating from leasehold premises in Luton and remaining stocks of electronic organs. Ideally suited to manufacturer wishing to establish in the U.K.
For sale by the Receiver.
Enquiries to F. J. Mamelok

Peat, Marwick, Mitchell & Co.
Norfolk House
43 Silbury Boulevard
Central Milton Keynes, Bucks.
Telephone: (0908) 681881
Telex: 8811541

Garment Manufacturers

Tyne and Wear area
The business and assets of a well established private company, located principally in the Tyne and Wear area and engaged in the design and manufacture of ladies' wear and children's leisure wear, are for sale as a going concern. Major assets comprise: 50,000 sq. ft. offices in Central London and Midlands; manufacturing plant and machinery; motor vehicles; stock in trade and trademarks.
Turnover is in the region of £5m per annum and the company presently employs 270 people.
For further details please contact:
G. R. Adams or A. J. Richmond:
Peat, Marwick, Mitchell & Co.
37 Grainger Street,
Newcastle-upon-Tyne NE1 5JT.
Tel: Newcastle (0632) 328818.

PEAT MARWICK

JEWELLERY COMPANY

Long established specialist manufacturer of high quality products in precious metals available due to impending planned retirement of Directors. Turnover exceeds £1.5m mainly home market with further considerable expansion potential. The Company has an extremely strong financial base and consistently high return on capital employed.
Principals only are requested to write to:
C. H. Wheldon,
Howard Grant & Co. Ltd.,
Corporate Finance and
Merger Brokers
25 Highfield Road, Edgbaston,
Birmingham, B15 3DP.

WELL ESTABLISHED BUILDING CONTRACTORS

Annual turnover approx. £3m seeking sale of business including staff etc. No agents required, principals only.
Write Box G6784, Financial Times
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60 bedrooms, bar, lounge, games room, indoor heated swimming pool, lift, lawned garden, car parking. Excellent for many years, very good advance bookings. Turnover £285,000. Profit £113,000. Price £285,000. Freehold.
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10 Cannon Street, London EC4P 4BY

Manufacturers and Distributors of DOUBLE GLAZING, REPLACEMENT WINDOWS, PATIO DOORS

Write to: discuss Sale or Manager Rights of First Refusal. Terms: 25% Deposit, £150,000. Company established for UK Listing. Write: J. L. Zito, 17, The Mews, London W2 1JF. Tel: 01-832 2641 Telex: 27858

FOR SALE

LEATHER CURING BUSINESS
Family owned since 1918. Offered due to retirement. Turnover approx £200,000. Trading profitably with good potential. Some furniture. Factory situated in North Yorkshire. Principals only.
Write Box G6801, Financial Times
10 Cannon Street, London EC4P 4BY

TRAVEL AGENCY

The members of a company conducting a West Country travel agency with four branches and an annual turnover of almost £5m could be interested in selling all or some of their shares if they require a suitable approach.
Write Box G8804, Financial Times
10 Cannon Street, EC4P 4BY

ENQUIRIES INVITED for acquisition of goodwill

Goodwill Food Mfg. Co. (Inc.) Machy. Specialises in producing a range of confectionery. Write: Box G3600, Financial Times
10 Cannon Street, London EC4P 4BY.

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ESTABLISHED SMALL ENGINEERING FIRM BASED IN MIDDLE EAST

FOR SALE
Affordable opportunity to enter or expand Middle East market. Jersey registered.
For details write:
PO Box 1566, Harlingen
Texas 77551 1566

MANUFACTURERS OF LAUNDRY MACHINERY

The assets and goodwill of a long established Company engaged in manufacture and supply of processing machinery for the laundry and textile rental industries. The Company has invested substantial amounts in research and development and has worldwide sales.
For further details apply to:
D. H. Gilbert and I. B. Richards
191 Cheek Road
Levy GIE & PARTNERS
191 Cheek Road
London NW11 3EJ
Tel: 01-822 4077
Telex: 22606 LEVGE G

Residential Caravan Park

Permanent licence (20 units), one acre, ten 4/12th century cottages. Suitable for holiday homes, caravan site, etc. 200 units, shop, ice-cream, games room. Super 17th Century Mill House, stable block, 275,000.
Write Box G5276, Financial Times
10 Cannon Street, London EC4P 4BY

WEST COUNTRY TOURING SITE

One of the most naturally beautiful sites in the area, 20 acres including fishing lake (1/2 acre), capacity 200 units, shop, ice-cream, games room. Super 17th Century Mill House, stable block, 275,000.
Write: Underwood Warrington
The Square, Barnstaple, N. Devon
CV7 1RT

FOR SALE

Very Profitable
Proven fast food product mfr. Sales running at £1m. Assets approx. £750,000. Owner retiring.
Write Box G5793, Financial Times
10 Cannon Street, London EC4P 4BY

DIVERCO SELL COMPANIES NATIONWIDE

Directors and buyers will be pleased to discuss:
DIVERCO Ltd.
4 Bank Street, Worcester
0905 22303

LONG ESTABLISHED HIGHLY SUCCESSFUL VERY PROFITABLE

LIGHT CLOTHING MANUFACTURERS FOR SALE
Active husband and wife team to sell. Excellent selling to continue temporarily to smooth path of purchaser. Principals only.
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10 Cannon Street, London EC4P 4BY

TRAINET Newly on market

Long established small retail/wholesale bakery chain in 2 Freehold sites 2 Long Leaze Road, 3 Abchurch Lane, 7/9 Essex Road. High profits. New equipment. Part time. Full time. Sales Agents.
KENT & BURGESS BUSINESS SALES
30 Davely Road
Newmarket, Suffolk, CB8 7JG
Tel: Newmarket 474288

F/HOLD

East London Snooker/Health Club and Shop Income £150,000 or offers Freehold 18th Cn. Pub/Restaurant Canterbury. Kent £175,000 or offers Leasehold Private Members Club East London £25,000
AGENT E.M. & F. 678 2061

FOR SALE

ELECTRICAL ENGINEERING COMPANY
Established 1924, incorporated 1924, manufacturers of fusegear mainly, and 25,000 sq ft factory in approx. 3 acre site with an optional further 3 acres available. Situated close to Manchester Airport. T/O £200,000.
Write Box G8807, Financial Times
10 Cannon Street, EC4P 4BY

Land Drainage Machinery and Allied Equipment

The Assets of K. G. Hoes Limited are offered for sale as a going concern. The company occupies freehold premises — 1 1/2 acres, near Fakenham, Norfolk. The workshops and offices cover an area of 29,000 sq. ft. Turnover for 1983 in excess of £1m.
Assets comprise fully equipped workshop, including line boring machine, stock of spares and raw materials and three completed machines.

For further details apply to:
M. A. Jordan and J. M. Eason,
Joint Receivers and Managers,
Cork Gully,
74 The Close,
Norwich, Norfolk NR1 4DE
Tel: 0503 619425

Cork Gully

145 acres of "Herriot Country" well worth vetting...

A unique opportunity to purchase a most substantial Holiday & Leisure Park. A well established business offering scope for exciting new developments, including holiday cottages, timeshare and recreation.
FOR SALE FREEHOLD
Sale Agents:
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Leisure Department,
5 Aldford Street, Mayfair,
London W1Y 5PS
01-629 8501

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For Sale by Private Treaty
THE SHOWPLACE OF THE SOUTH
Licensed Club and Entertainment Complex with extensive bars and cabaret rooms having 12-month trading pattern
SITUATED IN PRIME SOUTH COAST TOWN
£725,000 Freehold
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Preston, Bath, Exeter, Plymouth, Truro

Businesses Wanted

WANTED

We are a publicly quoted Company operating in the building products industry.
We are looking for suitable opportunities for expansion and wish to acquire manufacturing or service companies in similar or related industries such as home improvements or security.
Suitable companies would probably have a turnover in excess of £1m p.a. and have an established pattern of growth. Although we would operate a system of central control we would wish to leave existing management free to continue to operate provided it is sound and has proved effective.
All replies will be kept in the strictest confidence.
Principals only please write to the Managing Director
Box G5778, Financial Times, 10 Cannon Street, London EC4P 4BY

Opportunity for the outright sale of your business

Funds up to £15m available immediately
Private investors seek a 100% interest in manufacturing retail, hotels, leisure, or other consumer-based businesses, preferably in the south of England. Existing management could continue with incentives.
Replies in strict confidence, quoting reference NBP/EE, to:
ARTHUR YOUNG McCLELLAN MOORES & CO.,
Rolls House, 7 Rolls Buildings, Fetter Lane,
London E.C.4

ACQUISITION—ENGINEERING PLASTICS

International company wishes to acquire a plastics business manufacturing high quality products with a high technical or know-how content. Could be independent or part of a larger group but must have a strong market position or potential for further market expansion. Flexibility possible with regard to present management.
Principals should write with details to Box G5794
Financial Times, 10 Cannon Street, London EC4P 4BY
All letters will be answered. Capital availability is of the order of £5m.

CONSTRUCTION CO

Construction CO
Interested in acquiring a similar related industry. Essential criteria are: UK and have annual turnover of between £10-20 million. Good technical staff. Profits from industrial ventures will be treated in the strictest confidence. Should be sent to:
Box G 5795, Financial Times
10, Cannon Street, London EC4P 4BY.

COMPANIES WITH GROWTH POTENTIAL

UK plc wishes to acquire medium sized companies with growth potential serving industrial/professional markets. Substantial funds available.
Write to: Business Development Manager, Box G5797, Financial Times, 10 Cannon Street, EC4P 4BY.

SMALL TOOLS/IRON OPERATED PLANT HIRE AND SCAFFOLDING BUSINESS

REQUIRED IN SOUTHERN HOME COUNTIES
Reply in confidence to:
STOKES & CO, Solihull
20 Grand Parade, Cuck, Ireland

ESTABLISHED COMPANY with cash funds wishes to purchase majority interest in Company Search or Registration Agency

Principals only. All replies treated in strictest confidence. Write Box G5798, Financial Times, 10, Cannon Street, London EC4P 4BY.
RETAIL/DEPT. STORES sought by private investor. Immediate funds. Write Box G 5799, Financial Times, 10, Cannon Street, London EC4P 4BY.
TRANSPORT/HAULAGE FLEETS desired, with or without property. Capital raised to £1.5m. Write Box G5800, Financial Times, 10, Cannon Street, EC4P 4BY. Tel: 01-622 36757 Malvern.

THRELLS GROUP

A long established group engaged in the manufacture of household textiles with a current annual turnover of £11m.
The group operates from leasehold premises, equipped with modern automated production units, close to the city centre of Manchester. There is a good order book.
Further details from: The Joint Receivers David Rowlands, Brazenose House, Brazenose St, Manchester M2 SAX
Telephone: 061-434 5414 - Telex: 647235
or Maurice Whitall, Fairfax House, Fulwood Place, London WC1 6DW
Telephone: 01-405 8422 - Telex: 28994

Thornton Baker

Jonathan Drew Limited

(In Receivership and Liquidation)
The business and assets of Jonathan Drew Limited, comprising a chain of 12 leasehold shops in the Nottinghamshire/South Yorkshire area and their inventory (principally tobacco, wines, spirits and confectionery) are available for sale.
Further details from The Receiver and Manager, R. L. H. Knight, F.C.A., MacIntyre Hudson, 28 Ely Place, London EC1N 8RL.
Telephone: 01-242 0242. Telex: 251177.

MACINTYRE HUDSON Chartered Accountants

CORNWALL SUBSTANTIAL HOLIDAY COMPLEX

Close by coastal resort 16 miles from Plymouth and motorway system. 28 acres of park-like land, 318 pitches (280 rustic caravans, 28 touring pitches), modern amenity block with bar, ballroom, restaurant, and large heated swimming pool. Manager's house. Excellent hire fleet mostly of recent manufacture. £775,000.
PRIOR LEASURE
3 Church Street, Falmouth Tel: (0328) 313638

Wenroc Plant Ltd. (IN RECEIVERSHIP)

An opportunity to acquire the business and assets of a contractors plant hire and vehicle repair company with a turnover in excess of £250,000 per annum. The business is situated at Sittingbourne, Kent in modern premises occupying 0.24 acres held on a lease with 58 years unexpired. The skilled workforce and management team have been retained.
Interested parties should contact:
M. J. London,
Joint Receiver and Manager, Cork Gully, Sharncliffe House, 3 Mable Street, London EC2V 2DD
Telephone: 01-406 7700
Telex: 86473 CORNGY G

Wenroc Plant Ltd. (IN RECEIVERSHIP)

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Telephone: 01-406 7700
Telex: 86473 CORNGY G

OIL DISTRIBUTORS

PLC WISHES TO EXPAND ITS FUEL DISTRIBUTION DIVISION BY ACQUISITION OF SUITABLE COMPANY
Write in confidence to Box G9802
Financial Times
10 Cannon Street, London EC4P 4BY

ACQUISITION—FLUID CONTROL, SHUT OFF, MEASUREMENT

An international group seeks to acquire a Process Control Instrumentation business. The aim is to acquire products or total systems capable of continuous readout which can be interfaced with computer controlled process instrumentation systems. Potential areas include high performance valve or shut-off devices capable of interface through remote actuators, and instrumentation sensor technology. The latter emphasis is on liquid flow and level applications but others would be considered, e.g. temperature, dew-point, pressure, etc. Investment capital of £4-5m is available. Flexibility with regard to present management is possible.
Principals should contact Box G5792, Financial Times
10 Cannon Street, London EC4P 4BY

Cosmetics/Toiletries

Our client wishes to acquire production facilities and will consider investing capital in a complementary business with existing manufacturing expertise. Preferred areas: South/West of London, within a 50-mile radius.
Replies should be addressed to:
S. Cowen FCA
BENJAMIN TAYLOR & COMPANY
5 Wigmore St, London W1H 0NY

TOILETRY AND COSMETIC COMPANIES REQUIRED

In addition, product lines of major organisations considered. Current sales should exceed £1m. We are a manufacturing, marketing and distribution company in toiletry products.
Replies treated in strictest confidence
Write Box G5794, Financial Times
10 Cannon Street, London EC4P 4BY

BUSINESS OPPORTUNITIES

BUSINESSES FOR SALE
BUSINESSES WANTED
Appear every Tuesday
Rate £33 per single column centimetre (minimum 3 cms) or £9.50 per line (minimum 3 lines)

UK COMPANY NEWS

Progress continues at Tozer Kemsley to profits of £6.6m

FOLLOWING THE return to profits at the midway stage by Tozer Kemsley & Millburn (Holdings), continuing progress has been shown for 1983 with profits of £6.6m against previous losses of £8.34m.

Gable House confident of topping forecast

WITH MOST of its sales being effected in the second half of the year, Gable House Properties is confident that its group pre-tax profit for the year ending June 30, 1984 will "comfortably exceed" the earlier forecast of £500,000.

Dominion Intl. achieves £6m and pays 4.8p

A 50 PER CENT advance in profits to £6.01m for the year ended March 31 1984 is reported by Dominion International Group, which is engaged in property development, natural resources, and financial services.

property and oil—have a kind of logic, if only because these are the areas in which the senior managers feel they have expertise. The aim is to keep the present divisional structure, keeping all three roughly the same size through organic growth or strictly minor acquisitions.

Comtech hit by rise in research costs

FOURTH QUARTER losses of Combined Technologies Corporation widened by £438,000 to £2.43m compared with the previous final quarter and left the group £1.06m deeper in the red.

Improvement by Airflow Streamlines AN IMPROVEMENT in pre-tax profits from £432,000 to £820,000 has been shown by Airflow Streamlines since the start of the year.

Leo Refrigeration

Points from the Accounts and Statement by the Chairman, Mr. C. R. Purley. * Turnover in 1983 highest yet at £48,206,000. * Improved trading conditions and the continuing success of Lec's heavy investment programme resulted in a record pre-tax profit of £5,041,000.

Northamber places 18.3% stake on USM

Northamber, one of the largest wholesalers of printers and other computer peripherals in the UK, is joining the Unlisted Securities Market. Simon & Coates are placing 1.35m shares, equal to 18.3 per cent of the equity, at 115p per share.

Laird looking for expansion

THE FINANCIAL position of the Wigan-based steel structure manufacturer Laird is being reviewed by Ian Morrow, chairman, at the annual meeting.

Laird looking for expansion

German company was being affected by the strike there. The new long distance coaches were proving successful. The plastics fabrication business in the U.S. was in its stride in the manufacture of a transparent plastic roof for the new Corvette sports car.

Laird looking for expansion

confident that for the foreseeable future MBS would continue to grow. Turnover of the Cookson Group continued to exceed the levels of 1983, Mr I. G. Butler, the chairman, told the annual meeting.

A year of success, Group sales exceed £100m for the first time; profits doubled

FOSTER BROTHERS ESQUIRES DORMIE MILLETS NATIONAL SHIRTS ADAMS "HisPlace" YOUR PRICE. Results in brief: Year ended 1984 (29th Feb.) 1983 (28th Feb.) 2000's 82,522. Turnover 101,703. Profit before taxation 8,302. Dividend per share 4p. Chairman: Be. Davis.

ADVANCE Towelmaster towel cabinets, Linex, White Washers, Dryers, Air freshening and Air cleaning services, Laundry and Dry cleaning. "We continue to compete successfully in our present markets and have made a good start in expanding our business investments" reports Paul Rudder, the Chairman.

Why do industrialists find SyFA so enterprising? Because they have busy offices and factories, and want to integrate administration and production information to make decisions more effective and timely.

Granville & Co. Limited Member of NASDIME. Over-the-Counter Market. Table with columns: 1983-84 High Low, Company, Price Change, Gross Yield, P/E, Fully Paid.

MINING NEWS

UK COMPANY NEWS

Anglo lifts final dividend after strong second half

BY GEORGE MILLING-STANLEY

THANKS LARGELY to better performance from the gold and diamond interests, Anglo American Corporation of South Africa has turned in record profits for the year to March 31, and declared an increased dividend.

The group has simplified the presentation of its figures, putting together a number of items which had previously been reported separately, but this cannot obscure the fact that better showings from a number of the divisions, coupled with the policy of paying as much as possible to the parent company, has given Anglo even higher profits than in 1981.

Group attributable profits before the share of the retained profits reached **£254.1m** (**£313m**), well ahead of last year's **£106.8m** and the highest level of non-equity accounted earnings ever recorded.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Official indications are not available as to whether the dividends are interim or final, and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Interim: Hanson Trust, McCord, Stainless Metallurgical, Trident Tele-Visas; Atkins Brothers (Hospital), Barlows, Capital Gearing Trust, Carfax Capital and Leonard, Casa, De La Rue, Harlowood Foods, Hill Samuel, Reed International.

FUTURE DATES

Interim (L. H.) June 19

Fiavello Castors and Wheels	June 13
Reubin Investment Trust	June 21
Television South	June 29
Feed	June 29
British Steam Specialists	June 16
Bulmer (I. F.)	July 11
Century Oil	June 7
Cropper (James)	June 18
Callen's Stores	June 15
Haley (James)	June 14
Hambro	June 20
Huytons Gibson	June 18
L.T.P.	June 16
Latham (James)	June 27
Property Partnerships	June 19
Rosson Hotels	June 8
Sherraton Securities Intl.	June 11
Standard Fireworks	June 12
Tesco	June 13
Thermal Syndicate	June 19
Triplus	June 8
Valer	June 14

1984	1983
Investment income	150.8
Trading profits	498.9
Other net income	10.0
Share issues	775.3
Minority interest	102.8
Net profit	864.4
Minority interest	102.8
Preferred dividends	39.9
Group profit	551.7
Profit before extra items	502.7
Extraordinary credits	61.5
Minority interest	22.8
Ordinary dividends	272.5
Reserves	591.3

The associated did exceptionally well, with the total contribution up from **£130.9m** to **£244.1m**, largely on the back of improvements at De Beers Consolidated Mines, Minerals and Resources Corporation (Minerco), the South American companies, the Premier group and Anglo. The group's principle investment vehicle. This was offset slightly by a poorer return from Amic, which groups the industrial interests.

This gave rise to profits attributable to ordinary shareholders of **£264.7m**, up from **£167.5m** last time. Earnings per share before extraordinary items rose from **2.23** to **2.46**, again a record level, compared with **2.23** cents, and on the equity-accounted basis earnings are shown as **332** cents against **280.9** cents.

Anglo has announced a 10 cent increase in the final dividend to **50** pence, which with the maintained interim of **35** pence makes a total for the 12 months of **120** pence.

Other net income is shown as **£10m**, down from last year's **£26.8m**, largely because interest charges and prospecting costs were both higher. The group was, however, helped by the fact that no tax is payable on dividends in South Africa, and as these provided the bulk of income the tax charge was lower.

A further boost was provided by extraordinary credits totaling **£64.5m**, against debits last

Data General gains London share listing

Data General the once-troubled U.S. computer group which has made a major recovery, is to have its shares listed on the London Stock Exchange from June 8.

Mr Edson de Castro, president of Data General, said in London yesterday: "Listing our stock on the largest European exchange reinforces our commitment to the European data processing market. It will also help us raise capital in Europe to finance our future expansion."

Data General's revenues for the full year ending September 1983 are expected to be about **£1.1bn** (**£785m**) compared with **£828m** in the last financial year. Net income which fell from **£54m** (**£31.7m**) in 1980 to **£3.1m** last year is also expected to be significantly higher.

Mr de Castro said operating margins would be over 10 per cent by the end of the year and would be in the "low teens" in 1985. In the second quarter of the current financial year operating margins rose to 7.8 per cent. Data General was once one of the world's most profitable computer companies with operating margins in the 1970s of about 20 per cent. But in the last quarter of 1983 these had plummeted to 0.1 per cent.

Data General has made a major recovery following major management changes and through the introduction of a new generation of powerful mini-computers.

N. Telecom first quote outside North America

Northern Telecom, the second largest North American manufacturing company listed in London, has obtained a listing for its shares on the London Stock Exchange. This is the first listing for Northern Telecom outside North America. It reflects "the commitments we have made, and intend to continue to make, in international markets," said Mr Walter F. Light, the chairman.

The group set up a UK company, Northern Telecom plc, in October last year. With a factory in Hemel Hempstead and a laboratory in Maidenhead, it employs 400 staff.

We set up Northern Telecom because we believe the liberalisation of the telecommunications market in Britain provides an attractive opportunity for a company such as ours to grow," said Mr Light.

In calendar 1983, the group made net earnings of **£227m** (**£128.7m**) on sales of **£830.4m**. Mr Light said that the group was on track for its current year target of growth in sales and earnings of over 25 per cent.

Advertising agency seeks Stock Exchange placing

BY ALISON HOGAN

Low Howard-Spink Campbell-Ewald, the advertising agency which created the slogan for the lager that retunes the parts other beers cannot reach, is coming to the market for a listing on the Stock Exchange. It will offer for sale by tender 32.6 per cent of the equity at a minimum tender price of 185p, giving the company a **£19.8m** market value.

The advertising agency has a list of blue chip clients which include General Motors, Lloyds Bank, Unilever and Whitbread. It is an amalgam of merged agencies; most recently, in September 1983, the UK-based agency of Lowe & Howard Spink merged with Wasey Campbell-Ewald, part of Interpublic, a U.S. holding company.

The merger brought together a highly creative partnership. Lowe & Howard-Spink, with an internationally established agency. Interpublic has three autonomous and competing advertising agency systems, including Marchall Campbell-Ewald Worldwide, of which Wasey Campbell-Ewald is its UK arm.

After the flotation, Interpublic will have a 30 per cent stake in Lowe Howard-Spink Campbell-Ewald.

The merger makes the advertising agency one of the largest in the UK. Its philosophy is to maintain a relatively short client list allowing sector people to

devote adequate time to the clients' business.

Each client has a number of brands. Whitbread, for example, consists of Gold Label, Heineken and Stella Artois lagers, four Whitbread beers and Long John Whisky.

The agency comes to the market with a five-year record, though because of the recent mergers it consists of figures from Wasey Campbell-Ewald from 1979, and of Lowe and Howard-Spink since 1981. It shows pre-tax profits more than doubled from **£464,000** to **£1m** in 1983, on billings up nearly **£7m** to **£52.89m**.

The company is coming to the market on a pre-tax forecast of **£2.6m** pre-tax for the current calendar year on forecast billings of **£56m**. At the minimum tender price of 185p, that puts the shares on a prospective p/e of 17.6 assuming a 61 per cent tax charge, and a prospective yield of 2.8 per cent.

The agency is raising **£431.175** through the issue of **475,000** new shares, equal to 4.4 per cent of the enlarged equity, the rest coming from existing shareholders.

Morgan Grenfell has underwritten the offer for sale. Brokers to the issue are W. Greenwell. Applications open on Friday June 8 and dealings are expected to start on Thursday, June 14.

Comment

The quality of the work of Low Howard-Spink Campbell-Ewald has been recognised through the award of many prestigious prizes within the advertising world. The success of their philosophy to date is reflected in the excellent 4 per cent margins it attains. The recent addition of two new major international clients, JVC and Ovaltine, augurs well for the future. A forecast of repeating doubled profits might warrant a more demanding p/e than 17.6 at the minimum tender price of 185p. But Morgan Grenfell have advised caution with reason. The chairman Frank Lowe was involved in a case of conspiracy to defraud the Inland Revenue with a former agency, fined and criticised for naive management by the judge. The Stock Exchange has forgiven and forgotten, and the City probably will, too. The combined profits record of the two agencies over different periods is a little harder to accept. It makes plans for the future harder to base on past performance than might be desirable. Some question marks still hang over the precise way forward overseas, and the role of Interpublic in such developments. As long as the market holds its own this week then a striking price of up to 195 over the minimum 185p should be sufficient.

Gencor spending £73m to win control of Samancor

SOUTH AFRICA'S second largest mining house, the General Mining Union Corporation (Gencor) group, has completed the deal set in motion last July to acquire control of South African Manganese Amcor (Samancor), the big manganese and ferro-alloys producer.

Gencor is to pay **£128.7m** (£73m) in cash to Iscor, the state-controlled steel group, for the outstanding 44 per cent it does not already own in African Metals Ltd (AML). That company's sole asset is a holding of 36.6 per cent in Samancor, writes Jim Jones in Johannesburg.

The mining group acquired an initial 50.25 per cent of AML from Iscor last July, in exchange for its interests in Deneburg, a steel producer, and the Hibosase coking coal mine in a deal worth **£92m**.

Since then, Gencor has increased its holding in AML to 56 per cent by buying additional shares from Iscor.

The present deal will leave Gencor owning the whole of AML's capital and hence a direct holding of a fraction under 50 per cent in Samancor. A further 31.7 per cent of Samancor is owned by Anglo American Corporation, South Africa's largest mining house.

Gencor recently raised **R400m** by way of a rights issue, and is using Anglo American to finance the deal from its existing cash resources.

The group's intention is to use Samancor as a vehicle for its various base metal interests, apart from asbestos. As a preliminary step, two wholly-owned chrome mines will be placed into a company called Chromex, a wholly-owned subsidiary of Samancor which already owns three chrome mines.

Chromex shares will be issued to Gencor in exchange for the group's two chrome properties once a fair valuation of the various interests has been agreed.

At a later stage, Gencor proposes to merge its Buffalo fluor-spar mine and its Kener electro-lytic manganese production facility with Samancor.

Lac Minerals to reopen former gold producer

CANADA'S Lac Minerals plans to reopen the old Lake Shore gold mine at Kirkland Lake, Ontario, which closed in 1965 after extracting gold down to a depth of 8,000 ft below surface.

Lac is to spend **C\$2.4m** (£1.3m) on surface facilities in 1984, including the construction of a headframe and hoist for the old No. 5 shaft. The mine is expected to come into production in 1986 at an initial rate of 250 tons per day, employing 80 men.

The old shaft will be reopened down to the 4,000 ft level only, as any operations below that would require dewatering.

The Kirkland Lake camp, which contains a number of former gold producers, is inter-

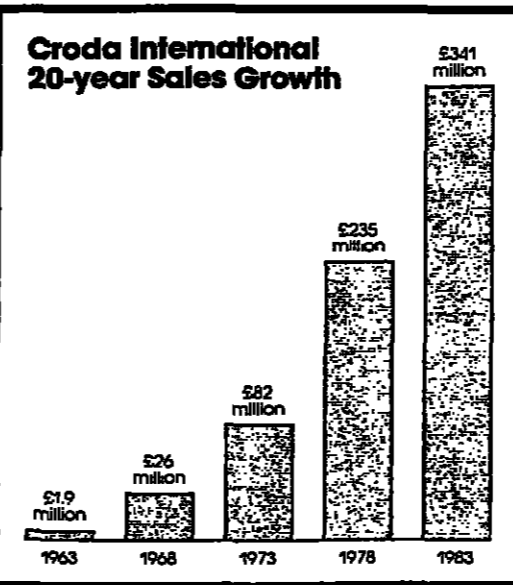
linked down to 4,000 ft below surface, and the Lac group's Macassa mine, the only major producer at present, keeps the whole area dry down to that level by pumping in order to prevent its own workings from being flooded.

Lac and its associated company Lake Shore Mines will share the net profit from the operation equally after Lac has recovered its capital costs.

The group had said it was looking into the feasibility of reopening Lake Shore at the same time as it was working on the project to mine the crown pillar, effectively the roof of the mine, much of which lies directly beneath Kirkland Lake.



You'll recognise this pedigree



For many years, Croda International has been the manufacturing power behind a host of household products in the food and toiletries industry.

It is very likely that the soap you used in the shower this morning or the honey you spread on your breakfast toast were Croda Products.

It is also very possible that your favourite restaurant uses Croda Products in its kitchen. Croda Companies have operated in these areas with considerable success, providing a high standard of service and quality aimed to meet the most demanding customer specifications.

In order to consolidate these activities in the highly competitive environment of consumer marketing, Croda International is bringing these companies together under the banner of Cromano Consumer Products.

This means that The Standard Soap Company, already the largest independent contract producer

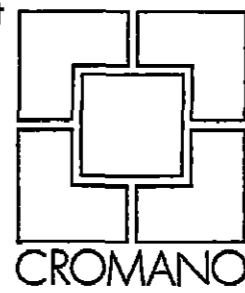
of soap and toiletries in Europe can further develop its high reputation for design and product creativity.

Manley Rattcliffe, Europe's major honey packer, supplies many discerning High Street Multiples with private-label honey. The Rattcliffe range of speciality foods also benefits from the Group's links

with Richardson Foods of Canada, manufacturers of quality mayonnaise and salad dressings.

London Oil Medina and Supachef Catering Services further extend the new Cromano Group's activities by distributing a range of specialised oils and fats to the catering industry.

In areas where design, quality, service and competitiveness are paramount for success, Cromano is well placed to draw upon the technological expertise of Croda International throughout the 1980s and beyond.



Cromano Consumer Products Ltd
Cowick Hall Snaith Goole North Humberside DN14 9AA Telephone (0405) 860551 Telex 57601

COMPANY NEWS IN BRIEF

In Saturday's edition the chairman of Burmah Oil was given as Sir Alan Aird, who is to retire last year and the chairman is now Mr J. N. Malby.

SEYMOUR, PIERCE & COMPANY has completed the placing of 14m Portsmouth Water Company and Elm York Water works Company 13 per cent redeemable debenture stocks, 1984 at £100 per cent, £10 paid. Dealings will commence on June 6.

Immediate Business Systems, a USM company, incurred a taxable loss of **£2.38m**, against **£1.6m**, in the year to end-March 1984 on turnover of **£1.21m** compared with **£700,000**.

There was again no tax charge. Last time minorities amounted to **£6,000**. There is still no dividend.

Brokers to Edlington Oil & Gas have placed 1m shares of Irish 5p in London and Dublin at Irish 22p, or 180p sterling. The number of shares in issue is now 21.8m.

The first of a new, three well.

programme on the San Sebastian prospect, Lorica, Colombia is scheduled to start on June 15. This follows the initial well drilled on the prospect last October/November.

CONFIRMATION OF THE results of the Paterson Asia group for the year ended March 31, 1984 is given in the formal documents recommending the offer for the company from McCormick International. Turnover for the year went up from **£33.43m** to **£41.77m** and the profit from **£1.82m** to **£2.35m** before tax and from **£1.3m** to **£1.82m** after tax. At the year end, shareholders' funds had grown from **£6.22m** to **£7.77m**.

The Global Group is joining the USM with dealings commencing on June 14. The placing is by Schuylert and Company of 750,000 ordinary shares. Global specialises in the import and export of meat and meat products and its turnover for year ended May 31 1984 exceeded **£35m**.

DIVIDENDS ANNOUNCED

Company	Date	Current payment	Corre. div.	Total	Total year
Airflow Stream	0.75	July 24	0.5	1	0.75
Dominion Intl.	2.6		2	4.8	4
Cable House	int 13	July 30			

Dividends shown pence per share net except where otherwise stated.
*Equivalent after allowing for scrip issue. †On capital increased by rights and/or acquisition issues. ‡USM stock. §Unquoted stock.

BIDS AND DEALS

Beecham bids £6.1m for Copydex

BY ALEXANDER NICOLL

Beecham, the consumer products and drugs group, yesterday made another move in its drive to build up a large home improvement products business...

Copydex shares rose 38p yesterday to 193p, valuing the company at £5.38m, while Beecham shares gained 7p to 322p, valuing it at £2.32bn.

In the home improvements area in the UK, in addition to adhesives, Copydex makes do-it-yourself products and floor-covering accessories.

because of the latter's plans to use the company as a base for expansion. The company will be able to go forward a lot faster," he said.

Anglo American Corporation of South Africa Limited

(Incorporated in the Republic of South Africa)

PRELIMINARY PROFIT ANNOUNCEMENT AND CONSOLIDATED BALANCE SHEET AND NOTICE OF FINAL DIVIDEND ON THE ORDINARY SHARES

Subject to final audit, the abridged consolidated income statement and balance sheet of the Corporation for the year ended March 31 1984 are as follows:

Table with 4 columns: Description, 1984 R millions, 1983 R millions, and Consolidated Balance Sheet columns. Includes sections for Consolidated Income Statement and Consolidated Balance Sheet.

Notes section with 3 columns: Description, 1984 R millions, and 1983 R millions. Includes notes on extraordinary items, market value, and dividends.

FINAL DIVIDEND

On June 4 1984 a final dividend of 88 cents per share (1983: 75 cents) in respect of the year ended March 31 1984 was declared payable on August 3 1984 to holders of ordinary shares registered in the books of the Corporation at the close of business on June 29 1984...

African currency, provided that the request is received at the offices of the Corporation's transfer secretaries in Johannesburg or in the United Kingdom on or before June 29 1984.

The dividend is payable subject to conditions which can be inspected at the Head and London offices of the Corporation and at the offices of the Corporation's transfer secretaries, Consolidated Share Registrars Limited, 1st Floor, Edura, Commissioner Street, Johannesburg 2001 (P.O. Box 61051, Marshallsown 2107), and Hill Samuel Registrars Limited, 6 Greenock Place, London SW1P 1PL.

By order of the board C. L. MALTBY Secretary London Office: 40 Holborn Viaduct, London EC1P 1AJ June 5 1984

Dee bid excites strong Booker defence

BY RAY MAUGHAN

Dee Corporation has published its formal offer for Booker McConnell, food distribution and agriculture group, and run into immediate strong opposition yesterday.

On this basis, Dee's equity cum loan stock offer rates the target at just over 181p per share which, in normal circumstances would allow Dee to buy Booker shares in the market.

ably the Dee poultry business. "offers a good diversification opportunity."

stores are not very profitable and with such comparatively insignificant sales it is questionable whether, without a merger, profitability will ever approach good industry standards.

These steps, together with the significant restructuring that is already taking place within our food distribution division promise substantial benefits for you as a shareholder.

Booker rests its case for a takeover on four main areas. Its operations are based primarily in the UK and thus offer greater tax efficiency for dividend distribution. Its own profits are growing faster than those of Booker, which does not have a successful record in food distribution.

Booker McConnell's 163 Budgen and Bishops supermarkets have annual sales running at some £190m. Those

McConnell's profits from cash and carry to recover in the merger would permit. Although we can expect Booker's operations with Dee's operations. Nor could they grow as quickly.

OFT studies Lonrho's latest Fraser proposal

BY JOHN MOORE, CITY CORRESPONDENT

THE Office of Fair Trading yesterday was studying Lonrho's new move to appoint four directors to the board of the House of Fraser stores group.

seeking undertakings from Lonrho that the present situation would be "frozen" until the outcome of the Monopolies and Mergers Commission reference.

It has framed four resolutions to gain their election at the forthcoming annual general meeting and a fifth resolution which seeks to prevent Fraser from taking any action during the period of a new Monopolies and Mergers Commission investigation.

House of Fraser announced on Friday that it had postponed its annual general meeting until it had time to clarify the position. Professor Roland Smith, chairman of Fraser, was unavailable for comment yesterday.

London and Manchester offer for 1928 'inadequate'

BY ALEXANDER NICOLL

London and Manchester Assurance, part of the London and Manchester Group, yesterday bid to take over a majority of Nineteen Twenty-Eight Investment Trust, which quickly rejected the offer as inadequate.

Exchange listing as an investment trust managed by part of the London and Manchester Group. The insurance company owns 29.6 per cent of 1928 and speaks for another 0.1 per cent.

The insurance company said that, based on Datastream's estimate of net asset value of 170p per stock unit as of May 31, the offer price was estimated at 157.59p per stock unit.

London and Manchester plans to turn 1928, which currently invests in a wide range of equities, into a specialist vehicle, investing primarily in the investment trust sector and selecting a portfolio primarily for capital growth.

William Leech rejects Beazer offer as 'derisive'

BY ALEXANDER NICOLL

William Leech, the Newcastle-based housebuilder, said yesterday that the £18m cash offer from C. H. Beazer (Holdings) represents a "gross undervaluation" of the business and the offer price of 123p per share, against a market price yesterday of 150p, up 12p, is "utterly derisive."

housebuilder would be "achieved at your expense."

Urging shareholders to reject Beazer's bid, which reaches its first closing date on June 12, Mr John Addison Leech's wife said that Beazer's stated ambition to become a national

Leech has declared a 50 per cent increase in its interim dividend to 1.5p per share on the back of a profit of £250,000 before tax and extension of its activities to August 31, against a loss of £171,000 in the six months to February 1983.

Coleman Milne 'would have lost USM quote'

BY ALEXANDER NICOLL

Coleman Milne, the company which converts Ford Granada cars into limousines, would probably have lost its quotation on the USM even if its majority shareholders had not offered last week to buy out the remainder.

group Henry's, and said last week that after discussions with the Stock Exchange it had recognised that the expansion and extension of its activities could jeopardise its quotation.

This was made clear yesterday in the formal offer document covering the agreed bid by Midepsa, an investment subsidiary of Mr Michael Ashcroft's Hawley Group, for Coleman Milne.

In the offer document, Coleman Milne said it had considered whether there had become cash and/or shares in Midepsa, it said.

Hawley Group and Mr David Wickham's British Car Auctions own a total of 64.23 per cent of Coleman Milne, and Midepsa is buying stakes in several companies in which both Hawley and BCA have taken interests.

Midepsa is offering five convertible or common shares for eight Coleman Milne shares, or 60p in cash for each Coleman Milne share. The shares rose 3p yesterday to 60p, valuing Coleman Milne at £9.6m.

Granville buys 29.9% of Welsh stockbroker

BY ALEXANDER NICOLL

Granville & Co, licensed securities dealer, has reached agreement to acquire a 29.9 per cent stake in the stockbroking firm R. A. Coleman.

the transaction, it said, will allow it to complete its range of financing facilities by including access to the Stock Exchange and the Unlisted Securities Market. This would be an addition to its established services which include a venture capital fund, development capital and Business Expansion Scheme funds and the over-the-counter market.

R. A. Coleman, a four-partner firm with 10 staff, started operations nearly 40 years ago and is based in Bangor, North Wales.

Morgan Grenfell in concert with Arthur Guinness and Sons purchased 55,000 ordinary shares in R. A. Coleman (approximately 0.4 per cent) at 34p.

In a joint statement yesterday with Granville, the stockbroker stated that the transaction will bring improved access to the London marketplace.

Granville said that its activities are primarily as a provider of corporate finance services to industrial companies. The transaction, it said, will allow it to complete its range of financing facilities by including access to the Stock Exchange and the Unlisted Securities Market. This would be an addition to its established services which include a venture capital fund, development capital and Business Expansion Scheme funds and the over-the-counter market.

PORTSMOUTH WATER COMPANY Placing of £4,000,000 13 per cent Redeemable Debenture Stock, 1994 at £100 per cent (Redeemable at par on 30th June, 1994)

THE YORK WATERWORKS COMPANY Placing of £1,000,000 13 per cent Redeemable Debenture Stock, 1994 at £100 per cent (Redeemable at par on 30th June, 1994)

Laporte R.M. Ringwald, CBE. Line graph showing Turnover £m, Pre-tax Profit £m, and Earnings per Share from 1980 to 1983. Includes text about highlights from the Chairman's statement and contact information.

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SECTION III - INTERNATIONAL MARKETS FINANCIAL TIMES

Tuesday June 5 1984

Manchester Business School
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"The School for Good Values" Sunday Times

WALL STREET

Hope of Fed tolerance brings spur

A GROWING conviction that the Federal Reserve will feel obliged to take a neutral stance in the credit markets until confidence in the banking system is fully restored, spurred Wall Street financial markets to continue their advance yesterday, writes Terry Byland in New York.

With Dr Henry Kaufman of Salomon Bros sharing this view of Fed options, the bond market quickly rose by a further full point or so in early trading to levels last seen two months ago. Retail interest was, however, somewhat sluggish.

The stock market was in strong form from the outset in heavy trading, and profit-taking was easily absorbed.

The Dow Industrial average closed 7.22 up at 1,131.57.

Beneath the market's optimism, however, was some caution over the sudden easing in bond market rates which stood at 14 per cent as recently as the middle of last week. The Fed's unwillingness to tighten credit policies would last only as long as the nervousness in the banking sector, several leading analysts argued. Underlying economic factors remain, at best, uncertain.

The latest unemployment statistics left Wall Street undecided about the pace of the U.S. economy. Similarly, the latest composite index published by the National Association of Purchasing Managers showed an economy still growing, albeit at a slower rate.

The best effects of the rally in bond prices came in the stock market. A bright start was made to dealings in the new public issue in Reuters, the UK-based news agency and electronic market information group.

Reuters was traded on the Nasdaq over-the-counter market in the form of American Depository Receipts (ADRS).

The closing Wall Street report, updated U.S. market monitors and late Canadian prices were unavailable because of continuing industrial action at the Financial Times' printers in Frankfurt.

with each ADR representing six B shares of Reuters after opening at the predicted level of \$16.50 - the equivalent of \$2.75 a share - the ADRs later traded at \$17.

Bank stocks found buyers, although the Fed issued a firm denial of reports that it planned a massive bail-out of the huge Latin American loans which plague the industry.

Less fortunate was Continental Illinois which gave up an early gain of 3/4 to fall 5/8 to \$54 in heavy trading after the Federal Deposit Insurance Corporation disclosed that it had taken control of the bank, which cannot arrange a merger - the favoured solution to its troubles - without FDIC permission.

Industrial sectors found a strong leader in IBM which put on \$1 1/2 to \$109. Also strong were Ford Motor, 3/4 higher at \$38 1/2; General Motors, up 1/4 at \$64 1/2; and General Electric, 3/4 higher at \$53 1/2.

Despite some doubts over the outlook for sales of home computers, technology issues improved. Commodore International at \$28 1/2 gained \$1 1/4 in response to the announcement of new models at the international summer consumer electronics show in Chicago.

Also firm were Texas Instruments with a 3/4 gain at \$132 1/2 and, on the American Stock Exchange, Amdahl which on \$ 1/2 to \$12 1/2; Data Products, 3/4 higher at \$19 1/2; and Wang, 3/4 better at \$25 1/2.

But Teledyne fell 3/4 to \$188 1/2 after two brokerage firms assigned it to their "sell" lists.

Treasury bill remained firm behind a federal funds rate which touched 11 per cent before a round of overnight system repurchases by the Fed took the rate down to 10 1/2 per cent.

With 12.8bn of short-term bills for auction later yesterday and a further \$2.25bn on Thursday, three-month bill rates edged up to 9.87 per cent, and the six-month to 10.46 per cent. But money market rates fell by five to 15 basis points.

At the longer end, which has a slack funding period ahead, rates fell sharply throughout the range as dealers thankfully unloaded some small portion of their inflated portfolios. The Fed's help at the short end tended to confirm market views of the Fed's predicament, and bond prices extended their gains.

The key long bond added 1 1/2 to 99 1/2 - a level not seen since early March - and the yield dipped to around 13.29 per cent.

TOKYO

Drug issues offer right medicine

A CONTINUED advance was achieved in Tokyo yesterday as investors flocked to buy some pharmaceutical and related issues following the development of new biotechnology-based drugs for cancer and diabetes, writes Shigeo Nishiwaki of Jiji Press.

An early rush of big orders for pharmaceutical issues such as Shionogi and Kuraray triggered a buying spree in drug shares which lasted most of the session.

The Nikkei-Dow market average rose 76.89 to 10,131.88, but trading volume was light at 373.19m shares compared with last Friday's 339.81m.

Calm returned to the market last Saturday in response to a fall in U.S. interest rates, returning the Nikkei-Dow index above 10,000. After the weekend, a relatively optimistic mood prevailed throughout the session.

Shionogi drew strength from news that the company's application to produce a diabetic drug through gene recombination had been approved by the Health and Welfare Ministry. The issue gained the maximum ¥100 to ¥770. Buying orders totalling ¥4.63m shares at the close far exceeded selling orders at 3.14m shares and sales were allotted to buyers proportionately.

Very high-priced shares attracted small-lot buyers at the opening, but were soon overshadowed by the buying in drug issues. Fanuc put on ¥190 to ¥8,490 and Kokusai Denshin Denwa ¥40 to ¥23,140.

Blue chip issues were much less attractive to investors. Fujii Photo Film finished ¥20 up at ¥1,530, but Hitachi shed ¥3 to ¥939 and Matsushita Electric Industrial ¥20 to ¥1,710.

The bond market staged a sharp rally on Saturday in response to the U.S. movements but succumbed yesterday to a round of small-lot selling by financial institutions. The yield on the benchmark 7.5 per cent long-term government bond, due in January 1993, advanced to 7.43 per cent from Saturday's 7.41 per cent.

AUSTRALIA

THE SHARP improvement which began in Sydney on Friday, after almost a fortnight of steady declines, continued yesterday as gains were again posted across the board in moderately active trading.

The All Ordinaries index added 18.3 with the revival of buying interest attributed to Friday's performance in London and Wall Street, along with the weekend improvement in the bullion price.

Prominent among the gainers was BHP, Australia's largest publicly traded company, which rose 32 cents to AS10 ex-dividend after a day's peak of AS10.10.

CANADA

RENEWED optimism over the outlook for interest rates enabled shares to continue their rally in Toronto with the largest gains seen among stocks which also have New York Stock Exchange listings.

Among the major groups, only retailers resisted the upward trend. Substantial advances were recorded among golds, hydrocarbons and the base metals and minerals sector.

The firmer tone was also seen in Montreal where advances were achieved by utilities, banks and industrials.

EUROPE

Exuberance still not in existence

THE FLOURISH with which British and U.S. stocks ended last week was mirrored only in fairly muted fashion on the European bourses yesterday, and trading activity showed little sign of any marked revival.

The firm but by no means exuberant outcome was the first chance for continental markets to respond to Friday's sharp gains in London and New York, and the prevailing sentiment appeared to be that it would require at least another day or two of decent advances in those two centers before some of the present caution could be set aside.

Domestic bond markets also drew patchy comfort from the composure being re-established on Wall Street, but banking stocks remained unsettled by lingering worries over the burden of world debt.

Frankfurt was buoyed additionally by optimism ahead of talks today aimed at settling the 35-hour week dispute. The Nixdorf offering was a distracting influence, but West German institutions were nonetheless busy as buyers of established issues too.

Nixdorf was later quoted unofficially at a premium of some DM 80 to the DM 380 offer level.

The Commerzbank index rallied 10.8 and just failed to regain its hold on the 1,000 mark, finishing at 999.1. The release of gross national product figures came too late to have any impact.

Banking issues were approached with a close eye on their international exposure. Deutsche Bank managed just a DM 3.40 gain at an ex-dividend DM 351.40, but the more domestically oriented BHF advanced DM 9 to DM 287.

A new DM 2bn 10-year government bond was launched into a strong market, where active trading brought gain on the secondary side of as much as a half

point. The new issue, priced at 100.25 to yield 8.21 per cent, was being quoted at a 1/2 discount but good demand was expected.

The Bundesbank was also able to sell DM 110.6m of existing paper.

Part of a strong Amsterdam result was attributable to an easing of strains within the ruling coalition after the compromise reached on cruise missile deployment. Banks, dull for much of the day, joined the rally late to take ABN FI 3.50 higher at FI 338 after FI 335.50.

Volume remained thin, though, there and in the domestic bond market, where gains extended to 60 basis points.

Moderate Paris progress showed Bouygues FFfr 5 up at FFfr 646 as it set conditions on any greater involvement in rescuing its Amrep affiliate. Bancaire weakened FFfr 3.50 to FFfr 481.50.

Zurich had Credit Suisse a further SwFr 5 easier at SwFr 2,185 but UBS up SwFr 20 to SwFr 3,360. On a more favoured industrial side, Nestlé recouped SwFr 95 to SwFr 5,010. Domestic bonds in both centres were quietly firmer.

Yesterday's rally did not extend to Brussels. Petrofina, amid oil supply uncertainties, fell BFfr 270 to BFfr 6,720. Solvay was a firm spot, putting on BFfr 100 to BFfr 4,210 on the chairman's forecast.

Milan featured demand for Dalmine, up L21 to L402 on a Soviet order for steel pipe. After-hours quotations ranged to L405. Treasury certificates drew selective buying.

Volvo's results continued to give a sparkle to Stockholm, and the car maker soared SKr 19 to SKr 504. A strong Copenhagen session allowed Superfos a DKr 21 surge to DKr 466.

Madrid, trading on Monday for the first time - also extending dealing hours to bring it into line with other bourses - was led higher by utilities and foods.

SINGAPORE

FOREIGN institutions continued to shun Singapore, leaving shares to close mixed in thin trading.

The Straits Times industrial index added 1.29 to 938.39 with the focus shifting from recently active bank and plantation sectors to selected industrial and property issues.

Hong Kong was closed for a public holiday.

LONDON

Soothing words find response

SOOTHING WORDS about U.S. interest rate trends and the international financial scene found London stock markets in responsive mood yesterday. Leading shares and government stocks sharply extended Friday's technical recovery with the FT Industrial Ordinary share index adding 18.8 to 843.3, so regaining in just two sessions all of the previous account's fall of 48.5.

Gilt-edged stocks were equally strong with selected longer-dated issues, although closing 1/2 below the best, still up 1 1/4 points.

Other factors reassuring both markets and investors were the Confederation of British Industry's optimism on UK inflation and Wall Street's much better performance last Friday.

Late business was coloured by the start of dealings in Reuters, the telecommunications and news agency group, which moved up from 208p to 218p before settling at 212p compared with the 196p striking price.

South African golds and financials also made progress with Anglo-American Corporation up 1 1/2 to £13% ahead of the interim results, which were not known during market hours.

Chief price changes, Page 30; Details Page 31; Share information service, Pages 32-33.

SOUTH AFRICA

GOLD SHARES closed firmer in Johannesburg but below their best for the day as the bullion price slipped back from the higher weekend levels.

Mining financials mirrored golds with Anglo-American R1 ahead at R23.50 - after a day's high of R23.75 - ahead of annual results which were announced after the market closed.

KEY MARKET MONITORS

End Month Figures

Stock Market Indices	June 4	Previous	Year ago
NEW YORK			
DJ Industrials	1135.56	1124.35	1213.04
DJ Transport	485.42	478.03	537.65
DJ Utilities	125.19	124.37	129.61
S&P Composite	154.34	153.24	154.42
LONDON			
FT Ind Ord	843.3	824.5	703.4
FT-SE 100	1078.0	1055.8	942.1
FT-A All-share	501.89	490.0	436.50
FT-A 500	551.12	537.39	475.88
FT Gold mines	711.5	696.1	620.1
FT-A Long grt	10.59	10.71	10.24
TOKYO			
Nikkei-Dow	10,131.88	9913.2	8510.96
Tokyo SE	782.22	768.10	653.44
AUSTRALIA			
All Ord.	681.5	665.2	613.9
Metals & Mins.	459.1	441.7	549.5
AUSTRIA			
Credit Aktien	54.70	54.71	57.58
BELGIUM			
Belgian SE	147.98	149.63	120.58
CANADA		Previous	Yr ago
Toronto Metals & Mins Composite	2038.8	1995.1	—
Westbank Portfolio	2294.94	2058.10	2423.39
DENMARK			
Copenhagen SE	184.95	179.27	143.97
FRANCE			
CAC Gen	172.2	172.2	126.0
Ind. Tendance	107.7	107.1	77.3
WEST GERMANY			
FAZ-Aktien	344.13	340.71	303.14
Commerzbank	999.1	988.3	906.0
HONG KONG			
Hang Seng	closed	917.50	915.6
ITALY			
Banca Comit.	206.36	205.35	189.2
NETHERLANDS			
ANP-CBS Gen	156.9	154.3	125.2
ANP-CBS Ind	125.9	123.8	100.8
NORWAY			
Oslø SE	270.1	270.67	187.4
SINGAPORE			
Straits Times	939.39	938.10	852.89
SOUTH AFRICA			
Gold	1701.8	1044.7	891.3
Industrials	1043.3	1051.4	940.8
SPAIN			
Madrid SE	165	118.48	114.45
SWEDEN			
J & P	1456.24	1416.62	1368.92
SWITZERLAND			
Swiss Bank Ind	361.5	358.8	320.6
WORLD	June 1	Prev	Year ago
Capital Int'l	176.4	173.9	174.4
GOLD (per ounce)	June 4	Prev	
London	\$392.75	\$393.75	
Frankfurt	\$391.25	\$393.75	
Zürich	\$392.00	\$393.00	
Paris (fixing)	\$394.64	\$392.71	
Luxembourg (fixing)	\$394.25	\$398.05	
New York (June)	\$395.80	\$390.10	

* Latest available figure

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Closing prices June 4

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

Main table containing stock prices for various companies, organized by sector and including columns for stock name, price, and change.

Kidder, Peabody Securities Limited. Market Makers in Euro-Securities. An affiliate of Kidder, Peabody & Co. Incorporated. Founded 1865. New York • London • Paris • Geneva • Zurich • Hong Kong • Tokyo.

Continued on Page 29

Handwritten signature: J. J. ...

AMERICAN STOCK EXCHANGE COMPOSITE CLOSING PRICES

Closing prices June 4

Handwritten scribble at the top center of the page.

Main table of American stock exchange closing prices, organized into columns by stock category (e.g., A, B, C, D, E, F, G, H, I, J, K, L, M, N, O, P, Q, R, S, T, U, V, W, X, Y, Z).

Continued on Page 30

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

Main table of New York stock exchange closing prices, organized into columns by stock category (e.g., A, B, C, D, E, F, G, H, I, J, K, L, M, N, O, P, Q, R, S, T, U, V, W, X, Y, Z).

Continued on Page 30

Notes and footnotes explaining the data, including 'Sales figures are unofficial' and 'a-dividend also extra'.

WORLD STOCK MARKETS

Table of world stock markets including Germany, Norway, Australia, Japan, and Hong Kong. Columns include country, date, price, and change.

OVER-THE-COUNTER

Table of over-the-counter stock prices with columns for stock name, price, and change.

LONDON

Table of London stock prices and chief price changes.

Table of American stock exchange closing prices for various sectors.

NEW YORK STOCK EXCHANGE CLOSING PRICES

Table of New York Stock Exchange closing prices for various stocks.

Table of additional London stock prices and market data.

AMERICAN STOCK EXCHANGE CLOSING PRICES

Table of American stock exchange closing prices for various sectors.

HOTELS—Continued

Table with columns: Hotel Name, Stock, Price, % Change, Dividend, Yield. Includes entries like London Hotel, Royal Hotel, etc.

FT LONDON SHARE INFORMATION SERVICE

DECISIVE That's BTR logo and text.

BRITISH FUNDS

Table of British Funds with columns: Fund Name, Stock, Price, % Change, Dividend, Yield.

Five to Fifteen Years

Table of funds categorized by 5 to 15 year maturity.

Over Fifteen Years

Table of funds categorized by over 15 year maturity.

Undated

Table of undated funds.

Index-Linked

Table of index-linked funds.

INT. BANK AND O'SEAS GOVT STERLING ISSUES

Table of international bank and overseas government sterling issues.

CORPORATION LOANS

Table of corporation loans.

COMMONWEALTH AND AFRICAN LOANS

Table of commonwealth and African loans.

LOANS

Table of general loans.

Public Board and Ind. Financial

Table of public board and industrial financial data.

AMERICANS

Table of American stocks with columns: Stock, Price, % Change, Dividend, Yield.

CANADIANS

Table of Canadian stocks.

BANKS, HP & LEASING

Table of banks, hire purchase, and leasing companies.

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Table of public board and industrial financial data.

BEERS, WINES—Cont.

Table of beer and wine stocks.

BUILDING INDUSTRY, TIMBER AND ROADS

Table of building industry, timber, and roads stocks.

DRAPERY & STORES—Cont.

Table of drapery and stores stocks.

CHEMICALS, PLASTICS

Table of chemical and plastic stocks.

DRAPERY AND STORES

Table of drapery and stores stocks.

HIRE PURCHASE, LEASING, etc.

Table of hire purchase, leasing, and other services.

BEERS, WINES & SPIRITS

Table of beer, wine, and spirit stocks.

DRAPERY AND STORES

Table of drapery and stores stocks.

ENGINEERING

Table of engineering stocks.

HOTELS AND CATERERS

Table of hotel and catering stocks.

DRAPERY & STORES—Cont.

Table of drapery and stores stocks.

ELECTRICALS

Table of electrical stocks.

FOOD, GROCERIES, ETC.

Table of food, grocery, and other stocks.

ENGINEERING—Continued

Table of engineering stocks.

HOTELS AND CATERERS

Table of hotel and catering stocks.

ENGINEERING—Continued

Table of engineering stocks.

INDUSTRIALS (Miscel.)

Table of miscellaneous industrial stocks.

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Table of miscellaneous industrial stocks.

INDUSTRIALS - Continued

Table of industrial stocks including companies like BHP, Anglo American, and various mining and resource firms. Columns include stock name, price, and percentage change.

LEISURE - Continued

Table of leisure and entertainment stocks including companies like British Airways, British Telecom, and various media and service firms.

PROPERTY - Continued

Table of property and real estate related stocks including companies like British Land, Granada, and various housing and development firms.

INVESTMENT TRUSTS - Cont.

Table of investment trusts including various funds like British American, British Overseas, and various international and domestic equity funds.

OIL AND GAS - Continued

Table of oil and gas related stocks including companies like BP, Shell, and various energy and petrochemical firms.

MINES - Continued

Table of mining stocks including companies like Anglo American, BHP, and various metal and coal mining firms.

OVERSEAS TRADERS

Table of overseas trading companies including various international trade and distribution firms.

MOTORS, AIRCRAFT TRADES

Table of motor and aircraft related stocks including companies like British Aerospace, Rolls Royce, and various automotive firms.

COMMERCIAL VEHICLES

Table of commercial vehicle related stocks including companies like Leyland, Daimler, and various truck and bus manufacturers.

COMPONENTS

Table of component and parts related stocks including various engineering and manufacturing firms.

SHIPPING

Table of shipping related stocks including companies like P&O, Cunard, and various shipping lines.

SHOES AND LEATHER

Table of shoes and leather related stocks including various footwear and leather goods manufacturers.

SOUTH AFRICANS

Table of South African stocks including various companies listed on the Johannesburg Stock Exchange.

TEXTILES

Table of textile related stocks including various clothing and textile manufacturers.

PAPER, PRINTING ADVERTISING

Table of paper, printing, and advertising related stocks including various media and publishing firms.

INSURANCES

Table of insurance related stocks including various insurance companies.

PROPERTY

Table of property related stocks including various real estate and development firms.

TRUSTS, FINANCE, LAND

Table of trusts, finance, and land related stocks including various financial and investment firms.

TOBACCO

Table of tobacco related stocks including various tobacco companies.

PLANTATIONS

Table of plantation related stocks including various agricultural and land management firms.

TEAS

Table of tea related stocks including various tea companies.

NOTES: Information regarding stock market regulations, exchange rules, and other financial details.

AUTHORISED UNIT TRUSTS

Table listing various unit trusts such as Abbey Unit Tr. Mgmt., Abbey Unit Tr. Mgmt. (2), Abbey Unit Tr. Mgmt. (3), etc., with columns for name, manager, and other details.

FT UNIT TRUST INFORMATION SERVICE

Main table of unit trust information with columns for name, manager, and performance data. Includes sections for 'Legal & General (Unit Tr. Mgmt.) Ltd.', 'Lloyds Life Unit Tr. Mgmt. (a)', 'Midland Bank Group U.T. Mgmt. Ltd.', etc.

Insurances - continued

Table listing insurance companies and their details, including Albany Life Assurance Co Ltd, Allianz, etc.

Offshore & Overseas - continued

Table listing offshore and overseas financial services and companies, including Acthous Investment Fund SA, Alliance Capital Management Ltd, etc.

London

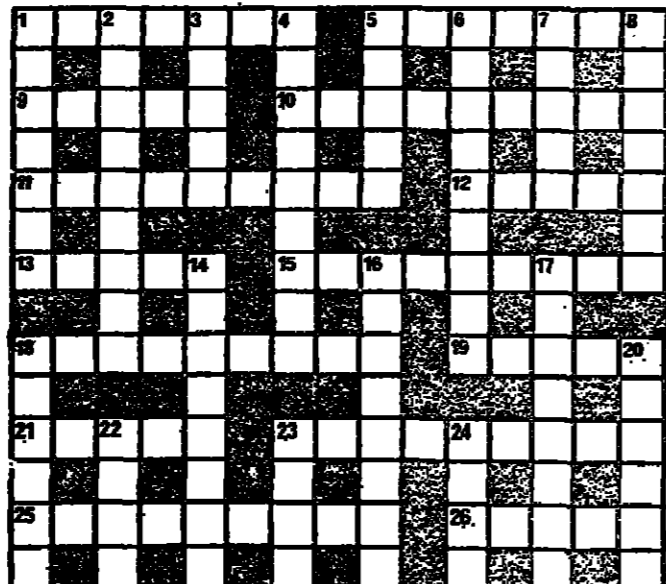
Table listing London-based financial institutions and services, including Abn-Amro, Abn-Amro Bank, etc.

Money Market Trust Funds

Table listing money market trust funds and their performance, including Abn-Amro Money Market, etc.

F.T. CROSSWORD PUZZLE No. 5,433

- 1 Garnet paid for on receipt in Massachusetts (4, 3)
5 Instrument of torture set out for the game (7)
9 A lightweight feline (5)
18 A classic dream once shattered (9)
11 Floral trophy at the Dairy Show? (9)
12 A trio bent on making a relationship (5)
15 Dump nitre around in a careless way (9)
18 There's a lot to be said for having it (9)
19 Funny to see a number walk like sailors (5)
21 A bench to put in the sun (5)
23 Possibly lamenting getting into a row (9)
27 Excellent form produced by fitness? (4, 5)
26 Cheap variety of fruit (5)
27 It may need a jack up before being repaired (7)
28 The men who count in banking (7)
DOWN
1 It gives lift when a fier comes to an obstacle (4-3)
2 Formality may be unpolitic (9)
3 Material for Suzette? (5)
4 Toking away Sherlock Holmes' secret of success (9)
5 Short form of summary (5)



Solution to Puzzle No. 5,432

A grid showing the solution to the crossword puzzle, with words filled in.

Money Market Bank Accounts

Table listing money market bank accounts and their details, including Abn-Amro, etc.

Money Market Bank Accounts

Table listing money market bank accounts and their details, including Abn-Amro, etc.

INSURANCE & OVERSEAS MANAGED FUNDS

Table of insurance and managed funds, including sections for Barclays Life Ass., Standard Life Assurance Co., and various international funds.

Table of insurance and managed funds, including sections for Sun Alliance Insurance Group, Sun Life of Canada, and various international funds.

Table of insurance and managed funds, including sections for Bank of America International S.A., British Overseas Airways Corp., and various international funds.

Table of insurance and managed funds, including sections for Royal Bank of Canada Funds, Sun Life of Canada, and various international funds.

OFFSHORE AND OVERSEAS

Table of offshore and overseas managed funds, including sections for Sun Alliance Insurance Group, Sun Life of Canada, and various international funds.

NOTES: Price per unit... Notes on fund pricing and performance metrics.

COMMODITIES AND AGRICULTURE

Copper prices fall sharply

BY RICHARD MOONEY

COPPER prices fell sharply on the London Metal Exchange yesterday, reflecting sterling's strength against the dollar and disappointment at a relatively small fall in LME warehouse stocks last week.

The cash higher grade position closed at £1,010 a tonne, down £18.50 from Friday.

After easing early in the day on what dealers described as "stable but liquid" prices, copper steadied on light covering purchases encouraged by expectations that another substantial decline in LMS stocks would be announced.

When the stocks return was released, however, it showed a fall of only 1,025 tonnes to 231,775 tonnes and the prices resumed their slide.

A feature of the market was increased trading (selling cash and buying three months)

which led to the three-month premium widening by £2 to £18.75 a tonne.

Other metals followed copper's lead with zinc, the only metal to show a rise in LME stocks last week, falling £35 to £72.50 a tonne in the cash position.

The 1,200 tonnes rise in zinc stocks to 46,650 tonnes was attributed to an inflow of high grade metal last week.

The biggest stocks fall last week was for lead, which ended 2,425 tonnes down at 85,825 tonnes. But this was not enough to prevent the LME cash price falling £6 to £21.50 a tonne yesterday.

When stocks were down 90 tonnes at 27,335 tonnes; aluminium stocks fell 600 tonnes to 140,975 tonnes; and nickel stocks fell 400 tonnes to 17,125 tonnes. Silver stocks declined 66,000 ozs to 48.56m ozs.

Sabah cocoa group formed

KOTA KINABALU, MALAYSIA—The Sabah Cocoa Dealers Association, formed last week-end, will attempt to devise its own cocoa agreement to replace the London-based International Cocoa Agreement because the London agreement favours buyers, Mr Yusoff Nair, the association's acting chairman, said yesterday.

Dealers were avoiding shipments to Amsterdam and Hamburg because they lost 2m ringgit (£627,000) in discounts last year to buyers there who claimed Sabah shipments had high residual content, he added.

The association will adopt the grading system used by Malaysia's federal agricultural marketing and processing board, Mr Nair said.

Cocoa beans from peninsular Malaysia were discounted at

about 550 per cent in group three of the London grading system.

Sabah, Malaysia's largest cocoa-growing state, exported 30,000 tonnes of cocoa last year.

In Abidjan, Mr Denis Bra Kanon, the Ivory Coast agricultural Minister, said last month's Geneva talks on a new international cocoa pact made important progress, particularly on the question of price support.

He said failure to reach agreement was mainly due to lack of time. Further important progress could be made if producers and consumers made constructive use of the time between now and the next negotiating conference in October.

Ambush of milk tanker condemned

FARMERS leaders yesterday condemned the ambushing of a milk tanker by two hooded men in a quiet West Wales lane.

The incident near Red Rose, Dyfed, at lunchtime on Sunday, is thought to be linked to dairy farmers' protests over EEC cuts in milk production which they say could force many farmers out of business.

Mr Derek Rowan was stopped by the two men. As he got out of his cab one threatened him with a stick while the other opened the tanker's release valve, draining 5,000 gallons of milk.

The National Farmers Union in Wales said yesterday: "If this incident has anything to do with the campaign by dairy farmers then we would condemn it." Any such incidents would "bring farmers into disrepute," the union said.

Detectives seeking the two ambushers were yesterday making inquiries in the local farming community. Det Chief Inspector Don Evans said the incident was being treated as a robbery, even though it might have had a protest motive.

A 100,000-gallon tanker was hijacked by two men in a dispute with a farmer in Jamaica's largest bauxite refinery, owned jointly by Kaiser, Reynolds and Atlantic Richfield.

At EPPINE coconut exports in the first four months of this year to 405,000 tonnes from 584,000 in the same period of 1983.

UK WHEAT exports from August to March totalled 1.51m tonnes, 29 per cent down on the same period in 1982-83.

GHANA, hit by a disastrous drought in 1983, has had good rains this year. The official People's Daily Graphic says this should boost food production and improve hydro-electricity supplies.

Heat, sheep and solitude beyond the black stump

BY ANTHONY MORETON, RECENTLY IN COMMONWEALTH HILL, SOUTH AUSTRALIA

MARCUS MOORE manages the largest sheep station in the world. His farm, in the northern reaches of South Australia, covers 2.5m acres and is about the size of East Anglia or South Wales.

His phone number is Commonwealth Hill 1. There is no Commonwealth Hill 2. His neighbours are so far away they are in another telephone area; the nearest station is 29 miles away, which is like living in the centre of London and having your next-door neighbour in Luton.

Mr Moore, who is 34 and has been working in the bush since he was 18, looks after 50,000 sheep, producing the finest quality wool in the world. At its peak, the station had 83,000 sheep but the four-year drought reduced it to 12,000.

Whereas a British farm, with its lush grass, may support half a dozen sheep to the acre, Mr Moore needs 32 acres for every animal. The only green grass on the station is a small patch cultivated for his family outside the homestead;

for the rest, the land is covered with blue bush, a small sage-like bush, mulga trees, about the size of a hawthorn, and a sparse, wiry brown grass which the sheep devour eagerly.

His two main problems are heat and water.

The heat does not worry him personally. "I can remember the time when the temperature did not drop below 100 deg F in the shade for 21 consecutive days. Only there is no shade. Nor does he worry about the flies which arrive in droves at dusk, covering his shirt and mind.

What concerns him is that long dry spells suck up the water in the ground. Water is his great concern. "We get an average of 6½ inches of rain a year. But that is deceptive. We may get as little as 1 inch and as much as 12 inches.

"It may seem funny, but 12½ inches is too much. If we get more than 12 inches it brings trouble. It would flood the farm, play havoc with the sheep, and the sheep would die of heat stroke.

Despite the inhospitable

climate and terrain the business is profitable. The total clip from his present flock amounts to about 1,500 bales which at £500 a bale grosses £750,000 (£500,000). With larger stock numbers—and these are slowly being built up after the drought—the gross will soon top \$1m (£800,000).

This produces a good rate of return as the sheep graze contentedly on the bluebush and mulga and there are few expenses for items such as fertiliser. Mr Moore, in the old-fashioned way, simply leaves the ground fallow for a year or two to restore its health. When you have 2½m acres this is easier than that.

Mr Moore's main outlay is on staff. Wages start at around \$220 (£130) a week, low by Australian standards, and may rise over \$400 but in addition the station finds all keep and housing.

Despite the privations and loneliness there is no shortage of applicants to work as a jackaroo. "I get a lot of young men, though I have five married couples. I get at least

a couple of calls a week from people wanting to get away from city life."

It is not possible to get much further away than Commonwealth Hill. When Moore takes his fence out to work on a Monday morning the fence will not see anyone until he returns to camp on his motor bike on a Friday evening.

The fence sleeps on the ground and carries his food in his swag. Fresh food until about Wednesday and tinned for the rest of the time.

Nor is the fence the only one who has to come to terms with solitude. Mr Moore's wife, Ashley, has among her other tasks, to educate the two children until they are 12, when they go away to school.

She was making arrangements to meet neighbours for a discussion on educating children in the bush. The meeting, at a neighbour's house, was to be held 92 miles away.

"No, we don't get lonely," she says. "We get lots of people dropping in on us. And we're busy there's no time to think of loneliness."

Financial futures cleared of 'negative impact' charges

BY NANCY DUNNE IN WASHINGTON

NO SUBSTANTIVE basis exists for the belief that financial futures trading has a negative impact on capital formation, according to a study released yesterday by Columbia University's centre for the study of futures markets.

The seven-volume study, financed by four futures exchanges for \$250,000, will be followed by similar studies on other major commodity markets.

The study, which was underwritten by the Federal Reserve Board, Commodity Futures Trading Commission (CFTC) and Securities Exchange Commission.

The report says that futures trading was diverting funds from more productive investments in securities was expressed during the 1982 congressional hearing on the reauthorization of the CFTC.

Since the capital market as a whole has improved by the ability to hedge with financial futures, the most significant concern is about capital formation centres on new issues investments, the study said.

It added, Arns which underwrite new stock issues are using stock index futures as a way to hedge against major changes in market prices during the underwriting period.

It added that new issue markets do not play an import-

ant role in the U.S. capital formation processes because the dollar volume of new stock issues represents a trivial percentage of total U.S. capital formation.

Capital formation in the U.S. is dominated by large firms... and their capital market access will be clearly helped and not hindered by the new futures markets, the study said.

The study, which some observers believe could be biased towards the exchanges' viewpoints, tackled other controversial issues and concluded: "The competitive environment within the futures markets provides a reasonable degree of

protection for consumers, and, thus, the industry should be treated as no different from other competitive industries.

There is no more substantial regulation of securities trading that futures trading.

The regulatory emphasis applied by the CFTC to review or new contract applications should be changed to ensure that a contract is not vulnerable to manipulation. The economic purpose test—which requires a costly analysis of a contract's potential hedging and price discovery functions—should be discarded as a general requirement.

Move to boost coffee supplies

LONDON—International Coffee Organisation (ICO) producing and consuming countries are discussing separately how to increase coffee availability under a new quota system.

Producers consider the July of fourth quarter (July-September) quota should be released immediately and suggest that producers who have shipped more than 90 per cent of third quarter quota should be able to apply for more quota for shipment before June 30.

Consumers want to ensure that available coffee reaches the market as soon as possible and are still studying how this may be best achieved, they said.

Reuters

PRICE CHANGES

In tonnes unless stated otherwise	June 4 1984	±	Month ago	June 4 1984	±	Month ago
Aluminium	£1100	-	£1100	£1100	-	£1100
Free Mkt	£1180	-	£1180	£1180	-	£1180
Copper	£1010.50	-	£1010.50	£1010.50	-	£1010.50
3 months	£1038.50	-	£1038.50	£1038.50	-	£1038.50
Cash Castele	£1018.50	-	£1018.50	£1018.50	-	£1018.50
5 months	£1028.50	-	£1028.50	£1028.50	-	£1028.50
Gold tray	£1678.50	-	£1678.50	£1678.50	-	£1678.50
Lead cash	£23.50	-	£23.50	£23.50	-	£23.50
3 months	£23.50	-	£23.50	£23.50	-	£23.50
Free Mkt	£21.50	-	£21.50	£21.50	-	£21.50
Palladium	£155.00	-	£155.00	£155.00	-	£155.00
Platinum	£385.00	-	£385.00	£385.00	-	£385.00
Silver tray	£67.50	-	£67.50	£67.50	-	£67.50
3 months	£68.50	-	£68.50	£68.50	-	£68.50

BRITISH COMMODITY PRICES

BASE METALS	June 4 1984	±	Month ago
Aluminium	£1100	-	£1100
Copper	£1010.50	-	£1010.50
Gold	£1678.50	-	£1678.50
Lead	£23.50	-	£23.50
Nickel	£12.50	-	£12.50
Palladium	£155.00	-	£155.00
Platinum	£385.00	-	£385.00
Silver	£67.50	-	£67.50
Tin	£2097.50	-	£2097.50
Zinc	£1097.50	-	£1097.50

AMERICAN MARKETS

NEW YORK	June 4 1984	±	Month ago
Aluminium	160.00	-	160.00
Copper	101.00	-	101.00
Gold	1678.50	-	1678.50
Lead	23.50	-	23.50
Nickel	12.50	-	12.50
Palladium	155.00	-	155.00
Platinum	385.00	-	385.00
Silver	67.50	-	67.50
Tin	2097.50	-	2097.50
Zinc	1097.50	-	1097.50

INDICES

June 1 May 31 Month ago Year ago	June 4 1984	±	Month ago	June 4 1984	±	Month ago
Aluminium	160.00	-	160.00	160.00	-	160.00
Copper	101.00	-	101.00	101.00	-	101.00
Gold	1678.50	-	1678.50	1678.50	-	1678.50
Lead	23.50	-	23.50	23.50	-	23.50
Nickel	12.50	-	12.50	12.50	-	12.50
Palladium	155.00	-	155.00	155.00	-	155.00
Platinum	385.00	-	385.00	385.00	-	385.00
Silver	67.50	-	67.50	67.50	-	67.50
Tin	2097.50	-	2097.50	2097.50	-	2097.50
Zinc	1097.50	-	1097.50	1097.50	-	1097.50

FINANCIAL FUTURES

June 1 May 31 Month ago Year ago	June 4 1984	±	Month ago	June 4 1984	±	Month ago
Aluminium	160.00	-	160.00	160.00	-	160.00
Copper	101.00	-	101.00	101.00	-	101.00
Gold	1678.50	-	1678.50	1678.50	-	1678.50
Lead	23.50	-	23.50	23.50	-	23.50
Nickel	12.50	-	12.50	12.50	-	12.50
Palladium	155.00	-	155.00	155.00	-	155.00
Platinum	385.00	-	385.00	385.00	-	385.00
Silver	67.50	-	67.50	67.50	-	67.50
Tin	2097.50	-	2097.50	2097.50	-	2097.50
Zinc	1097.50	-	1097.50	1097.50	-	1097.50

COMMODITY FUTURES

June 1 May 31 Month ago Year ago	June 4 1984	±	Month ago	June 4 1984	±	Month ago
Aluminium	160.00	-	160.00	160.00	-	160.00
Copper	101.00	-	101.00	101.00	-	101.00
Gold	1678.50	-	1678.50	1678.50	-	1678.50
Lead	23.50	-	23.50	23.50	-	23.50
Nickel	12.50	-	12.50	12.50	-	12.50
Palladium	155.00	-	155.00	155.00	-	155.00
Platinum	385.00	-	385.00	385.00	-	385.00
Silver	67.50	-	67.50	67.50	-	67.50
Tin	2097.50	-	2097.50	2097.50	-	2097.50
Zinc	1097.50	-	1097.50	1097.50	-	1097.50

LONDON OIL

Crude oil prices opened as much as \$1.50 lower, reflecting weakness in New York.	June 4 1984	±	Month ago
Arab Heavy	£29.50	-	£29.50
Arab Light	£30.50	-	£30.50
North Sea Brent	£30.50	-	£30.50
North Sea Brent	£30.50	-	£30.50
North Sea Brent	£30.50	-	£30.50

PRODUCTS—North West Europe

Price per tonne	June 4 1984	±	Month ago
Crude oil	£29.50	-	£29.50
Crude oil	£30.50	-	£30.50
Crude oil	£30.50	-	£30.50
Crude oil	£30.50	-	£30.50
Crude oil	£30.50	-	£30.50

TEA AUCTIONS

London Tea Auction	June 4 1984	±	Month ago
Arab Heavy	£29.50	-	£29.50
Arab Light	£30.50	-	£30.50
North Sea Brent	£30.50	-	£30.50
North Sea Brent	£30.50	-	£30.50
North Sea Brent	£30.50	-	£30.50

SOYBEAN MEAL

Chicago Soybean Meal	June 4 1984	±	Month ago
Arab Heavy	£29.50	-	£29.50
Arab Light	£30.50	-	£30.50
North Sea Brent	£30.50	-	£30.50
North Sea Brent	£30.50	-	£30.50
North Sea Brent	£30.50	-	£30.50

MEAT/FISH

Meat and Fish	June 4 1984	±	Month ago
Arab Heavy	£29.50	-	£29.50
Arab Light	£30.50	-	£30.50
North Sea Brent	£30.50	-	£30.50
North Sea Brent	£30.50	-	£30.50
North Sea Brent	£30.50	-	£30.50

SUGAR

Sugar	June 4 1984	±	Month ago
Arab Heavy	£29.50	-	£29.50
Arab Light	£30.50	-	£30.50
North Sea Brent	£30.50	-	£30.50
North Sea Brent	£30.50	-	£30.50
North Sea Brent	£30.50	-	£30.50

GRAINS

Grains	June 4 1984	±	Month ago
Arab Heavy	£29.50	-	£29.50
Arab Light	£30.50	-	£30.50
North Sea Brent	£30.50	-	£30.50
North Sea Brent	£30.50	-	£30.50
North Sea Brent	£30.50	-	£30.50

GOLD MARKETS

Gold prices	June 4 1984	±	Month ago
Arab Heavy	£29.50	-	£29.50
Arab Light	£30.50	-	£30.50
North Sea Brent	£30.50	-	£30.50
North Sea Brent	£30.50	-	£30.50
North Sea Brent	£30.50	-	£30.50

LONDON FUTURES

London Futures	June 4 1984	±	Month ago
Arab Heavy	£29.50	-	£29.50
Arab Light	£30.50	-	£30.50
North Sea Brent	£30.50	-	£30.50
North Sea Brent	£30.50	-	£30.50
North Sea Brent	£30.50	-	£30.50

CURRENCIES, MONEY and CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar and sterling decline

A downward trend in interest rates was the major factor influencing the foreign exchange market yesterday. The recent upward move in London money market interest rates suddenly changed as a result of suggestions that the Federal Reserve was encouraging an easing of New York rates. This depressed both the dollar and sterling, despite a fairly firm undertone to the pound because of the continuing tension in the Gulf.

1.4940 to 1.3865. May average 1.3903. Trade-weighted index 79.5 against 79.6 at noon, 79.9 at the opening, 79.5 at Friday's close, and 82.9 six months ago.

London interbank interest rates had already fallen sharply when the Prime Minister made the comment about there being no reason for UK interest rates to rise. Sterling touched its peak of \$1.4900-1.4100 around midnight, but fell below \$1.4000 in the afternoon to a low of \$1.3860-1.3900 on hopes that UK bank base rates will not rise this week despite expectations of disappointing money supply figures.

The dollar fell to DM 2.6670 from DM 2.6850 against the D-Mark; Ffr 8.1590 from Ffr 8.2025 against the French franc; Sfr 2.5255 from Sfr 2.53 in terms of the Swiss franc; and Y229.65 from Y230.10 against the Japanese yen.

EMS EUROPEAN CURRENCY UNIT RATES table with columns for currency, rate, % change, and divergence.

Firmer trend

Prices were marked sharply firmer in the London international financial futures market yesterday. Sentiment improved against a background of lower U.S. interest rates and market conviction that the Federal authorities may have difficulties in pushing rates any further in view of recent troubles in the U.S. banking system.

FINANCIAL FUTURES

Thatcher, Prime Minister, that she saw little need for UK interest rates to rise. This led to speculation that today's UK money supply figures may show an acceptable rise.

THE POUND SPOT AND FORWARD

Table showing pound spot and forward rates for various currencies.

THE DOLLAR SPOT AND FORWARD

Table showing dollar spot and forward rates for various currencies.

OTHER CURRENCIES

Table showing other currency rates including Argentine peso, Australian dollar, etc.

CURRENCY MOVEMENTS

Table showing currency movements for various currencies.

CURRENCY RATES

Table showing currency rates for various currencies.

EXCHANGE CROSS RATES

Large table showing exchange cross rates for various currencies.

EURO-CURRENCY INTEREST RATES

Table showing Euro-currency interest rates for various currencies.

MONEY MARKETS

Sharp fall in London rates

A large shortage of day-to-day credit in the London money market caused very few problems for the authorities yesterday. It was the abundance of liquidity for most of the week that helped to prevent pressure building too strongly, despite general expectations of an early rise in clearing bank base rates.

opinion that base rates are now unlikely to rise, as rates in the U.S. decline, because of threats to the banking system caused by third world debt.

The decline in London rates was illustrated by a fall to 8 1/2 per cent from 9 1/2 per cent in the rate for three-month interbank bills to 6 3/4 per cent from 9 per cent in the discount houses buying rates for three-month bank bills.

LONDON MONEY RATES

Table showing London money rates for various currencies.

Discount Houses Deposit and Bill Rates

Table showing discount houses deposit and bill rates.

MONEY RATES

Table showing money rates for various currencies.

FT LONDON INTERBANK FIXING

Table showing FT London interbank fixing rates.

EGGD Fixed Rate Export Finance Scheme

EGGD Fixed Rate Export Finance Scheme IV: Average Rate of Interest period April 4 to May 1 1984 (inclusive): 8.504 per cent.

WORLD VALUE OF THE POUND

The table below gives the latest available rates of exchange for the pound against various currencies on the London money market.

Large table showing world value of the pound for various countries and currencies.

Advertisement for 'YOUR COMPANY IMAGE' featuring Exco and BP logos, promotional gifts, and contact information for Manhattan-Windsor.

Advertisement for BARCLAYS BANK, including details on Prime Account, interest rates, and branch information.

Advertisement for GENEVA, offering full service business solutions, including tax and legal advice.

Advertisement for 'Legal Notices' and 'Art Galleries', providing information on legal matters and art exhibitions.

OVER-THE-COUNTER

Table with multiple columns for stock prices, including 'Continued from Page 30', 'Stock', 'Sales (thous)', 'High', 'Low', 'Last', 'Chng', and various stock symbols like 'Mitsui', 'Nippon', 'Fuyo'.

CAPITAL MARKETS

Market sees launch of issues worth \$360m

BY MARY ANN SIEGHART IN LONDON

A SHARP mark-up in Eurodollar bond prices opened a new issue window in the dollar sector yesterday, where four bonds totalling \$360m were launched. The largest came from Industrial Bank of Japan, which is raising \$125m, the proceeds of which will be swapped into floating rate dollars at a rate well below the London interbank offered rate (Libor). It has a 13 1/2 per cent coupon at a price of par and a seven-year life. Lead managers are IBJ International with Manufacturers Hanover, Bankers Trust and Morgan Stanley. Probably because IBJ is one of the few banks with a triple-A credit rating, the bond was extremely popular, trading at a 1/4 point discount by the end of the day. Genossenschaftliche Zentralbank, the Austrian bank, launched a \$100m seven-year bond with a 14 per cent coupon at par. Morgan Stanley is leading the deal with three yet-to-be-named co-lead managers. This bond also involves an interest rate swap, which may explain its rather high pricing. However, the rally in the secondary market buoyed up all the day's new issues, and this one traded at a 1/4 per cent discount, outside its selling concession, but just within the total fees. Nikko Securities is raising \$60m on its own behalf through a private placement. The first \$30m portion is for 10 years and the other has a 15-year life. Both carry a 9 1/2 per cent coupon at par and will be convertible into Nikko shares at a 5 per cent premium. Nikko is leading both deals with Credit Suisse First Boston and Deutsche Bank on the first tranche and Morgan Stanley and S.G. Warburg on the second. Societe Financiere Europeenne launched its Asian dollar floating rate note, increasing its working capital and from \$50m to \$75m. Lead manager Sumitomo Finance hopes to place most of the issue in Asia and Australia. It has a seven-year life and a coupon of 1/2 per cent over six-month Libor at par. Yesterday it was trading at a 1.05 per cent total loss. Prices were marked up sharply in the dollar secondary market yesterday morning after the New York market closed strongly on Friday night. Some professional short-covering was in evidence and price closed the day up about 1 point. Though turnover was high, there was apparently little retail interest. Merrill Lynch said yesterday it expected to be able to sell the paper in the market at a yield of 20 to 30 basis points above Libor. It had achieved a similar yield on sales from a smaller tap issue of Euro notes launched by TWA earlier this year.

BNF Bank bond average table with columns for June 8, 1984, and Previous, and rows for High, Low, and 100,000.

TWA faces tests for \$100m facility

TRANS World Airlines is raising \$100m through a five-year revolving Euro note facility led by Merrill Lynch, its first major international borrowing since the company was spun off from Trans World Corporation last February. The facility is the latest in a string of such operations for corporate borrowers in the Euro markets, but it bears a number of unusual features. Underwriters, who will receive an annual fee of 1/2 per cent, will benefit from built-in security on aircraft and equipment amounting to 150 per cent of their commitment. TWA is also unable to draw on the facility unless it passes three financial tests in the areas of debt/equity ratio, minimum net worth and minimum working capital. The company has said it has no current plans to draw on the facility, but if it does so it will offer three months' Eurodollars in the market through Merrill Lynch, which will purchase them at a discount equivalent to a yield of 1/2 per cent over London interbank offered rates (Libor) for Eurodollars. Merrill Lynch said yesterday it expected to be able to sell the paper in the market at a yield of 20 to 30 basis points above Libor. It had achieved a similar yield on sales from a smaller tap issue of Euro notes launched by TWA earlier this year.

Korean opens another gate to Seoul.



From 21st June every Thursday, a Korean B747 departs from Frankfurt direct to Seoul. Now, for the first time, there's a direct flight from Frankfurt to Seoul*. Leaving every Thursday at 12H20, it arrives in Seoul (via the Polar Route) on Friday 16H40. Enjoy typical Korean hospitality all the way. From Seoul, convenient and frequent flights to Tokyo, Osaka, Taipei, Hong Kong and other major cities in Japan and S.E. Asia. Alternative departures to Seoul from Paris every Thursday and Saturday or from Zurich every Wednesday and Sunday. * In collaboration with Lufthansa.



FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. The following are closing prices for June 4.

Large table of international bond issues with columns for country, issue name, amount, bid, offer, yield, and price. Includes sections for US STRAIGHTS, OTHER STRAIGHTS, CONVERTIBLE, and YEN STRAIGHTS.

Small text at the bottom right of the bond table, likely a disclaimer or source note.